



**Care New England Health System
Quarterly Reporting Package
December 31, 2018**

FIRST QUARTER 2019

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**Care New England Health System
Quarterly Financial Report
First Quarter, Fiscal Year 2019**

HIGHLIGHTS AND RESULTS

Highlights:

- Operational improvement initiatives at Care New England continue to positively impact quality, access, and financial performance across all operating units.
- Kent Hospital, Women & Infants Hospital, and the VNA are all profitable from operations through the first quarter of FY2019.
- On May 23, 2018, the Definitive Agreement formalizing the acquisition of Care New England by Partners HealthCare System, Inc. ("PHS") was executed by both organizations.
 - On October 3, 2018 CNE and PHS each filed a Hart Scott Rodino ("HSR") Notice with the Federal Trade Commission (the "FTC") and the United States Department of Justice (the "DOJ") regarding the Affiliation. On December 3, 2018 the HSR waiting period expired without any action being taken by either the FTC or the DOJ.
 - On December 17, 2018 PHS, Brigham Health, Inc. and CNE filed an application for review of the Affiliation by the Rhode Island Department of Health and Department of Attorney General under the Rhode Island Hospital Conversion Act, and on December 20, 2018, CNE and PHS each filed a Material Change Notice (MCN) with the Massachusetts Health Policy Commission (HPC). The Rhode Island application is currently under review. The Massachusetts MCN was deemed complete by HPC on January 25, 2019. The HPC has until February 25, 2019 to inform CNE and Brigham Health whether it plans to initiate a Cost and Market Impact Review ("CMIR").

Results:

- **For the first quarter, the Obligated Group (all CNE entities except Memorial and its affiliates) achieved a positive \$1.6 million gain from operations versus an \$8.7 million loss for the same quarter last year.**
- **The Obligated Group has recorded four consecutive positive quarters of gains from operations.**
- **CNE as a whole recorded a positive gain from operations of \$721,033 for the first quarter versus a budgeted loss of \$4.6 million.**

Care New England Health System Quarterly Memorandum First Quarter, Fiscal Year 2019

Introduction and Overview

Enclosed is the unaudited consolidated financial information for Care New England Health System (the “System”) for the first quarter of FY2019. Significant intercompany related transactions have been eliminated for this presentation. Unless otherwise noted, the entities included in these Consolidated reports are:

Care New England Corporate
Integra Community Care Network, LLC
Butler Hospital and related Affiliates
Kent Hospital and related Affiliates
Women & Infants Corporation and related Affiliates
VNA of Care New England and related Affiliates
Southeastern Healthcare System and related Affiliates (also referred to as “SHS”)
The Providence Center, Inc. and related Affiliates (also referred to as “TPC”)

The entities included in the Obligated Group reports include all the entities noted above with the exception of Memorial Hospital and related Affiliates (withdrew from Obligated Group on December 22, 2017).

To highlight the System’s physician activities, the financial results of Care New England Medical Group (“CNEMG”) are separately reported in the supplemental consolidating information in both the statement of unrestricted activities and the balance sheet. CNEMG is a subsidiary of Kent Hospital.

Recently adopted accounting standards that will impact Care New England in FY2019 include the following:

- In May 2014, the FASB issued ASU 2014-09 - *Revenue from Contracts with Customers* at the conclusion of a joint effort with the International Accounting Standards Board to create common revenue recognition guidance for U.S. GAAP and international accounting standards.
- In August 2016, the FASB issued ASU 2016-14 - *Presentation of Financial Statements for Not-for-Profit Entities*, which makes targeted changes to the not-for-profit financial reporting model.
- In June 2018, the FASB issued ASU 2018-08 - *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard applies to all entities that receive or make contributions.

The December 31, 2018 consolidated financial statements do not include the impact of the above standards (with the exception of revenue recognition on certain milestone grant awards which was implemented in the first quarter). Care New England is in the process of evaluating the impact of the standards and will implement the standards in subsequent periods during FY2019.

Memorial Update

On May 1, 2018, the Rhode Island Department of Health formally approved the Memorial Hospital closure.

On December 22, 2017, the Master Trustee (Master Trust Indenture dated as of September 1, 2016) approved the release of Memorial from the Obligated Group. The enclosed financial statements show both the Consolidated and Obligated Group versions of the balance sheet, statement of unrestricted activities, and financial ratio key indicators in the dashboard. In addition, the activities of Memorial are separately reported in the supplemental consolidating information for both the statement of unrestricted activities and the balance sheet. Included in **Exhibit A** of this quarterly financial report, is an organizational chart further detailing Obligated Group members as of December 22, 2017.

On July 1, 2018, the sole member of Blackstone Health, Inc. was changed from Southeastern Healthcare System, Inc. to Kent County Visiting Nurse Association d/b/a VNA of Care New England.

Management Discussion

The success of growth initiatives and cost management has been very effective. Action plan implementation, daily productivity monitoring, and revenue cycle improvements are making an impact on performance. Management plans to continue to implement more initiatives targeting growth, leakage, access, cost savings, and retention to stabilize and grow patient activity levels and improve operating gains. CNE Management and the operating units participate in weekly operational reviews to monitor, update, and execute action plans.

Operating results by quarter in FY2018 and for the first quarter of FY2019 for the System were as follows:

Operating Results by Quarter <i>(in millions)</i>						
Care New England - Consolidated						
FY2018						FY2019
	Q1	Q2	Q3	Q4	Total	Q1
Revenue	\$ 278.2	\$ 271.6	\$ 278.8	\$ 302.6	\$ 1,131.2	\$ 282.6
Expenses:						
Loss on asset impairment - Memorial Hospital	\$ 22.4	\$ (0.2)	\$ 0.1	\$ 0.3	\$ 22.6	\$ -
Restructuring costs - Memorial Hospital	\$ 2.6	\$ 5.1	\$ 0.6	\$ (1.1)	\$ 7.2	\$ 0.3
Expenses - all other	\$ 286.9	\$ 273.7	\$ 277.3	\$ 290.4	\$ 1,128.3	\$ 281.6
Total expenses	\$ 311.9	\$ 278.6	\$ 278.0	\$ 289.6	\$ 1,158.1	\$ 281.9
Income (loss) from operations	\$ (33.7)	\$ (7.0)	\$ 0.8	\$ 13.0	\$ (26.9)	\$ 0.7
Income (loss) from operations - Memorial	\$ (33.9)	\$ (12.3)	\$ (3.7)	\$ 8.0	\$ (41.9)	\$ (0.9)

Operating results by quarter in FY2018 and for the first quarter of FY2019 for the Obligated Group were as follows:

Operating Results by Quarter (in millions)						
Obligated Group ¹						
	FY2018					FY2019
	Q1	Q2	Q3	Q4	Total	Q1
Revenue	\$ 277.5	\$ 271.9	\$ 279.1	\$ 292.4	\$ 1,120.9	\$ 281.2
Expenses:						
Loss on asset impairment - Memorial Hospital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restructuring costs - Memorial Hospital	\$ 1.6	\$ -	\$ -	\$ (0.4)	\$ 1.2	\$ -
Expenses - all other	\$ 284.6	\$ 267.5	\$ 274.5	\$ 286.5	\$ 1,113.1	\$ 279.6
Total expenses	\$ 286.2	\$ 267.5	\$ 274.5	\$ 286.1	\$ 1,114.3	\$ 279.6
Income (loss) from operations	\$ (8.7)	\$ 4.4	\$ 4.6	\$ 6.3	\$ 6.6	\$ 1.6
Loss from operations - Memorial	\$ (8.5)	\$ -	\$ -	\$ -	\$ (8.5)	\$ -

¹ Obligated Group (excluding Memorial) effective December 22, 2017

During the first quarter, the Obligated Group posted a \$1.6 million gain from operations versus an \$8.7 million loss for the same quarter last year. The Obligated Group has recorded four consecutive positive quarters.

For the first quarter, net patient revenue finished \$4.1 million higher than budget and \$2.4 million higher than the previous year. Medical/surgical discharges were 10 (.3%) behind budget and 205 (6.8%) ahead of last year. Obstetrics discharges were 55 (2.2%) behind budget and 182 (7.1%) behind last year. Deliveries finished 41 (1.8%) behind budget and 136 (5.8%) behind last year. NICU discharges were 6 (2.1%) behind budget and 17 (5.8%) behind last year. NICU days ended .3% behind budget and 2.8% behind last year. Emergency visits, operating room cases, CT scan, partial hospital, speech therapy, occupational therapy, laboratory testing, infusion, MRI, diagnostic imaging, ECT, patient assessment, and other ancillary services all trended lower compared to the prior period. At 4.6, overall length of stay was on budget and similar to the prior year.

CNE recorded \$141,000 in prior period revenue gains for the first quarter. These prior period gains were related to physician meaningful use payments from RI Medicaid and several Medicare cost report settlements for Memorial hospital.

Operating results were positively impacted by Indemnity operations. Total Indemnity operating income of \$277,539 was \$93,762 favorable to budget. Results by Indemnity program were mixed; actual underwriting experience versus expected actuarial losses was favorable at W&I Indemnity, but was unfavorable at Toll Gate Indemnity through the first quarter.

Total expenses for the Obligated Group were \$3.2 million or 1.1% lower than budget primarily due to favorable variances in other expenses, partially offset by unfavorable variances in labor costs.

The Obligated Group reported an unfavorable expense variance in salaries of \$852,200 or .6%. Labor productivity is monitored daily at each of the operating units and at CNE. FTEs per adjusted occupied bed were unfavorable to budget by 8.3% at Butler and 1.9% at Women & Infants; and were favorable to budget by .6% at Kent. The unfavorable variance in FTEs per adjusted occupied bed is primarily attributable to unfavorable patient activity variances experienced in the first quarter. Fringe benefits expense is unfavorable to budget by \$1.9 million or 5.2%, primarily within health insurance; claims experience (large claims) has been unfavorable resulting in an increase in the System's health insurance

costs. Medical supplies and drugs were unfavorable to budget by \$749,715 or 2.8%. Actual expense, as a percentage of gross patient revenue, is consistent with budget. In addition, drug costs associated with the 340B pharmacy initiative have increased as a result of increased volume. Other expenses were favorable to budget by \$5.8 million or 11.4% primarily due to consulting, purchased services, legal, maintenance contracts, marketing, and elimination entries. Through the first quarter, cost per adjusted discharge is unfavorable to budget by 1.8% at Butler, 5.7% at Kent and 2.2% at Women and Infants, and cost per adjusted day is unfavorable to budget by 2.1% at Butler, .7% at Kent and 3.4% at Women & Infants.

The Obligated Group's non-operating losses include (\$17.2) million in investment returns, realized and unrealized.

The consolidated net income from operations was \$721,033 through the first quarter versus the budgeted loss of \$4.6 million and the first quarter FY2018 loss of \$33.7 million.

The System's cash position is a primary focus of management; overall days cash on hand were 43.5 days, compared to 44.2 at September 30, 2018 and 43 days at December 31, 2017. The System's average payment period was 55.4 days, compared to 51.9 days at September 30, 2018 and 56.4 days at December 31, 2017. The System's days in gross accounts receivable were 44, compared to 44 at September 30, 2018 and 48 at December 31, 2017.

The System is closely monitoring capital expenditures through its executive capital committee. All capital expenditures must be approved by this committee and such expenditures are limited to critical and strategic items. The capital expenditure ratio through the first quarter was 37.3% for the System and 37.7% for the Obligated Group. Included in **Tab 11** is a report that provides further details in regards to capital expenditures.

The greatest challenges affecting CNE's financial performance in FY2019 are patient volumes; specifically, medical/surgical, obstetric, deliveries, and NICU volume. However, actions plans are stabilizing and growing these patient activity trends as well as the alignment of staffing to the volume levels. Action plans are addressing the goals of quality, access, and service.

Strategic Initiatives

Pursuant to an Agreement for Affiliation and Integration dated as of May 23, 2018 between Care New England ("CNE") and Partners HealthCare System, Inc. ("PHS"), Brigham Health, Inc. ("BH", an affiliate of PHS) will acquire control of CNE by becoming its sole corporate member (the "Affiliation"). On October 3, 2018 CNE and PHS each filed a Hart Scott Rodino ("HSR") Notice with the Federal Trade Commission (the "FTC") and the United States Department of Justice (the "DOJ") regarding the Affiliation. On December 3, 2018 the HSR waiting period expired without any action being taken by either the FTC or the DOJ. On December 17, 2018 PHS, BH and CNE filed an application for review of the Affiliation by the Rhode Island Department of Health and Department of Attorney General under the Rhode Island Hospital Conversion Act, and on December 20, 2018, CNE and PHS each filed a Material Change Notice (MCN) with the Massachusetts Health Policy Commission. The Rhode Island application is currently under review. The Massachusetts MCN was deemed complete by the HPC on January 25, 2019. The HPC has until February 25, 2019 to inform CNE and PHS whether it plans to initiate a Cost and Market Impact Review ("CMIR").

Comments on the various sections of the quarterly report follow. *If you are limited as to the time available to review this package of materials, it is recommended that you review the Care New England Financial Highlights, Tab 1, the financial statements, Tabs 2 and 3, as well as the Key Budget*

Assumption updates under Tab 4. By reviewing these updates during the year, readers should get a reasonable assessment of how the year unfolded financially.

Care New England Financial Highlights (Tab 1)

This section summarizes the results of the System's financial highlights including operating gain (loss) for the System and by operating unit, key indicators, and key volume statistics for the month and year to date December 31, 2018. This section also summarizes the status of key action plan initiatives.

Combined Balance Sheet as of December 31, 2018 Compared to the Combined Balance Sheet as of December 31, 2017 and as of September 30, 2018 (Tab 2)

NOTE: Tab 2 includes both the Consolidated and Obligated Group versions of the balance sheet. The comments below refer to the Obligated Group's balance sheet.

As of December 31, 2018, the Obligated Group had \$53.9 million in **Cash and Cash Equivalents** compared to \$47.4 million at September 30, 2018 and \$51.5 million at December 31, 2017. In addition to active management of the System's cash position, significant cash transactions include the funding of pension and vacation/sick buyouts, offset by positive operating results and improved Revenue Cycle cash performance.

Patient Accounts Receivables were \$3.9 million lower than the prior quarter and \$8.2 million higher than the prior year, while Days in Gross Accounts Receivable were at 44 days, which is consistent with the previous quarter, but 4 days lower than the prior year. At Butler, additional internal resources have been dedicated to working the Butler receivable, which clearly helped improve collections and lower AR days to 50 days from 57 in the previous quarter. Kent AR days increased by 1 day to 41 days compared to the previous quarter, but is 5 days lower than the prior year. Focus on self-pay accounts and reducing denials continue to generate good results. Women and Infants' AR days increased by 1 day between quarters to 49 days, but are 2 days lower than the prior year. Cash collections continued to be impressive in the first quarter because of new, automated billing processes and several outsourcing initiatives, which have all worked to accelerate cash collections. Included in **Tab 7** are various reports that provide further details about Patient Accounts Receivables.

The **Allowance for Estimated Uncollectible Accounts** as a percentage of patient accounts receivables was 25.1% at December 31, 2018, a decrease of .9% from September 30, 2018. The allowance for uncollectible accounts continued to trend lower during the first quarter as automated processes and new billing procedures have worked to accelerate payments. The allowance for estimated uncollectible accounts as a percentage of patient accounts receivables was 26% at September 30, 2018.

Other Receivables include grants receivable, Disproportionate Share (DSH) receivables and Upper Payment Limit (UPL) monies, indemnity programs' premiums receivable, third party receivables, and other miscellaneous receivables. The increase of \$7.1 million or 27.3% since September 30, 2018 related primarily to the timing of receipts; most notably the accrual of the Disproportionate Share income that will not be received until July, consistent with prior year; the increase in indemnity programs' premiums receivable (see corresponding increase in deferred revenue); partially offset by the receipt of Integra shared savings incentive payments.

Assets Limited as to Use (Current Portion) increased \$2.8 million since September 30, 2018. The changes primarily relate to activity within debt service funds, specifically the timing of deposits to the funds and payments to bondholders. The annual principal payment related to the 2016 Series B bonds (\$3,665,000 in FY2019) will be made in September.

Prepaid Expenses decreased \$167,554 or 1.3% since September 30, 2018 and increased \$2.8 million or 28.6% since December 31, 2017. The largest items included in Prepaid Expenses are insurance premiums, information systems contracts and vendor deposits. The increase, since December 31, 2017, is primarily due to deposits made in the second quarter of FY2018 to CNE's new employee health insurance administrator. Effective January 1, 2018, CNE changed its employee health insurance administrator.

Assets Limited as to Use decreased \$25 million or 7% since September 30, 2018 and decreased \$15.2 million or 4.4% since December 31, 2017. The components of the changes in the first quarter of FY2019 and since December 31, 2017 were a net result of the following:

Endowment Funds decreased by \$5.9 million or 10.2% since September 30, 2018 and decreased \$5.5 million or 9.5% since December 31, 2017, primarily reflecting the impact of the investment markets.

Board Designated Funds decreased \$8.7 million or 7.0% since September 30, 2018 and decreased \$4.2 million or 3.5% since December 31, 2017, primarily reflecting the impact of the investment markets.

Self-Insurance Trust Funds decreased \$13.4 million or 8.3% since September 30, 2018 and decreased \$5.2 million or 3.4% since December 31, 2017. The changes reflect the net of investment performance, contributions, dividends paid and settlement payments. The most notable factors in the first quarter are the impact of the investment markets and the payment of several case settlements. CNE and its operating units self-insure extensive amounts of risk due to either the unavailable or uneconomical coverage. We rely on sound funding practices and actuarial assessments to provide reasonable assurance of adequate reserves. Among the self-insured programs are:

W&I Indemnity (W&I hospital primary professional liability (PL) and general liability (GL), W&I PL excess pre 10/1/17, W&I lead PL excess and PL excess re-insurance post 10/1/17, W&I employed and community physician primary PL)

Toll Gate Indemnity (Kent hospital primary PL and GL, Kent PL excess pre 10/1/17, Kent lead PL excess and PL excess re-insurance post 10/1/17, Butler and TPC primary PL and GL post 10/1/17, Kent employed and community physician primary PL, Butler and TPC employed physician primary PL post 10/1/17)

W&I trust (primary professional & general and malpractice tail exposures prior to 10/1/11)

Butler trust (primary professional & general liability prior to 10/1/17)

Memorial Hospital trust (PL tail exposures prior to 7/1/04)

Workers Compensation

Health Insurance

Dental Insurance

Unemployment Insurance

Trustee Held Funds increased \$3.1 million or 22% since September 30, 2018. The change relates primarily to the timing of deposits to the funds and payments to bondholders.

Net Property, Plant and Equipment decreased by \$4.6 million or 1.9% since September 30, 2018 and decreased \$7.3 million or 2.9% from December 31, 2017. Depreciation expense exceeded capital investments. The System is closely monitoring capital expenditures through the executive capital committee. Included in **Tab 11** is a report that provides further details in regards to capital expenditures. **Intangibles** of \$1,080,000 are attributable to the trade name valuation of the Providence Center. Intangibles have an indefinite useful life; subject to annual evaluation for impairment.

Due from Affiliates in the Obligated Group balance sheet includes \$109.3 million due from Memorial for treasury cash/sweep activities. These amounts are eliminated in the Consolidated balance sheet. In FY2019, it is anticipated that the intercompany borrowings between the Obligated Group and Memorial, will be forgiven by the Obligated Group.

Current Pension Payable of \$19 million increased \$135,367 or .7% since September 30, 2018 and decreased \$59,580 or .3% since December 31, 2017 which reflects the accrual of the funding for the annual defined contribution liability. The funding of the 2017 match component of the annual defined contribution liability was paid in October 2018 resulting in a decrease to the liability since September 2018; offset by the first quarter defined contribution plan expense. The defined contribution plan expense was ratably accrued throughout FY2018 and the first quarter of FY2019.

Accounts Payable and Accrued Expenses increased \$198,403 or .2% from September 30, 2018 and decreased \$5 million or 4.4% since December 31, 2017. The changes in these accounts are driven primarily by the timing of outflows for both vendor and employee payments.

Deferred Revenue increased \$7.2 million or 50.8% since September 30, 2018 and increased \$2.1 million or 11% since December 31, 2017. The first quarter increase relates to the timing of unamortized amounts received by Women and Infants and Kent Hospital for the W&I and Toll Gate Indemnity unearned insurance premiums (see corresponding increase in other receivables).

Estimated Third Party Payor Settlements (Current and Long-Term) increased by \$994,919 or 5.9% since September 30, 2018. The increase is primarily attributed to reserves specific to cost report issues at the Kent campus.

The funded status of CNE's frozen defined benefit pension plans are reflected on its balance sheet and are adjusted annually during the year-end audit as part of the year-end actuarial evaluation of the pension plans. The **Net Pension Liability** of \$88.8 million reflects the under-funded status of the plans at December 31, 2018. CNE contributed \$2.61 million to the Plans in the first quarter, including \$1.26 million to the Memorial Plan.

The **Net Pension Liability** increased \$53.9 million or 153.9% since December 31, 2017. Effective January 1, 2018, the sponsorship of Memorial's Defined Benefit Pension Plan and Memorial's Defined Contribution Plan transferred to CNE, resulting in an increase to the Obligated Group's **Net Pension Liability** and a decrease to the Obligated Group's **Net Assets** by \$70.1 million.

Self-Insurance Reserves (Current and Long-Term) decreased by \$4.3 million or 2.8% since September 30, 2018 and increased \$3.2 million or 2.2% since December 31, 2017. The change in reserves relates to the current year activity for workers compensation, professional liability, health insurance and dental insurance; offset by actual claims and expenses paid.

Total Long Term Debt, including current portion decreased \$221,102 or .1% since September 30, 2018 and decreased \$5.5 million or 3.1% since December 31, 2017. The change, since December 31, 2017, is due to payments made on CNE's debt during FY2018.

Total Net Assets of \$331.4 million at December 31, 2018 decreased \$20.7 million since September 30, 2018; inclusive of a decrease in unrestricted net assets of \$16.6 million, a decrease of \$1.7 million in temporarily restricted net assets, and a decrease of \$2.4 million in permanently restricted net assets. The decrease in unrestricted net assets includes favorable operating results and unfavorable investment returns, realized and unrealized. The decrease in permanently restricted net assets includes unfavorable investment returns, realized and unrealized, on outside trusts.

NOTE: The comments below refer to the Consolidated balance sheet.

Goodwill of \$24,488,975 is attributable to the acquisition of SHS (\$24.3 million) in FY2013 and the acquisition of TPC (\$143,611) in FY2015. Goodwill has an indefinite useful life; subject to annual evaluation for impairment.

Insurance recoveries receivable increased by \$3.8 million or 185.8% since December 31, 2017 due to an increase in malpractice reserves as determined by our actuaries. An offsetting increase was recorded in self-insurance reserves.

Asset Retirement Obligation increased by \$4.4 million or 220% since December 31, 2017. In the fourth quarter of FY2018, \$4.33 million of retirement obligations was recorded at Memorial.

Combined Statement of Unrestricted Activities for the three Months Ended December 31, 2018
Actual Compared to Budget and Compared to December 31, 2017 (Tab 3)

NOTE: Tab 3 includes both the Consolidated and Obligated Group versions of the statement of unrestricted activities. Unless otherwise noted, the comments below refer to the statement of unrestricted activities for the Obligated Group.

Comparisons to prior year are distorted due to the closure of Memorial. Memorial withdrew from the Obligated Group on December 22, 2017 and as such, Memorial's results of the first 82 days of FY2018 are included in the prior year's statement of unrestricted activities of the Obligated Group.

Net Income from Operations for the Obligated Group was \$1.6 million in the first quarter which is \$4.8 million favorable to budget and \$10.3 million higher than prior year's first quarter loss from operations of \$8.7 million.

Note the inclusion of a segment reporting schedule which breaks out the impact of Toll Gate and W&I Indemnity from consolidated operations. Total Indemnity operating income of \$277,539 was \$93,762 favorable to budget. Results by Indemnity program were mixed; actual underwriting experience versus expected actuarial losses was favorable at W&I Indemnity, but was unfavorable at Toll Gate Indemnity, through the first quarter.

Net Non-Operating Losses of \$18.4 million were unfavorable to budget by \$22.3 million related to unfavorable investment returns, realized and unrealized.

Prior year's non-operating losses include the System's pension settlement of \$29.5 million.

The **Deficiency of Revenues/Gains over Expenses/Losses** for the Obligated Group was \$16.8 million, which was unfavorable to budget by \$17.5 million.

Net Patient Service Revenue for the Obligated Group was \$4.1 million or 1.7% higher than budget for the first quarter of FY2019 and \$2.4 million or 1% higher than the previous year. The system benefited by an exceptionally strong October. Volumes trended lower for both November and December, thus causing most service lines to finish behind budget for the quarter. Butler was impacted by poor Partial Hospitalization volume. Kent patient days exceeded budget due to higher acuity and more ICU days. Women & Infants, on the other hand, had relatively flat NICU days, but benefited by much higher Level IV days, which typically are more costly, but also generate higher revenue. Mental health admissions at Butler were slightly behind budget for the quarter, but continue a trend from the prior year. Emergency room visits fell short of budget, while surgeries finished higher. Most ancillary volume finished below budget, except for labs, CT scans, cardiac catheterizations and infusion therapies. Payer mix trends for the quarter indicate that United Healthcare volume continues to improve across the system. Butler has been positively impacted by shift to Blue Cross from Medicaid Managed and Medicare plans. Charity Care finished the quarter slightly below budget for the quarter by 2.96% and 10.7% lower than prior year levels. **Tab 7** includes an analysis of Revenues and Deductions from Revenues. In addition, this tab provides further insights into the revenue cycle and an analysis of our accounts receivable and revenues.

Research Revenue and Research Expenses have partially offset one another as revenue unfavorable budget variances of \$237,253 were offset by expense favorable budget variances of \$667,775. As previously noted, the System implemented a new accounting standard related to the timing of revenue recognition for certain milestone grant awards. Starting in the first quarter, revenue is recognized for any new milestone awards at the time the milestone/deliverable is fulfilled (previously recognized when funds were expended).

Other Revenue was \$21.1 million through the first quarter, which is \$2.3 million or 9.8% unfavorable to budget and \$1.0 million or 5.1% higher than the prior year. The decrease in other revenue compared to budget is due to SNE practice revenues, budget timing differences in Integra shared savings and at-risk arrangements, and elimination entries (corresponding variance in other expense eliminations), partially offset by a favorable variance in revenues related to the T3 340B pharmacy initiative. The increase in other revenue over the prior year is due to revenues related to Integra shared savings and at-risk arrangements, the 340B pharmacy initiative, partially offset by a decrease in other revenue related to Memorial.

Total Operating Expenses of \$279.6 million were \$3.2 million or 1.1% favorable to budget primarily due to favorable variances in other expenses, partially offset by unfavorable variances in labor costs.

Highlights of the line item components of operating expense variances were as follows:

Salaries and Wages were \$852,200 or .6% unfavorable to budget. The System experienced unfavorable labor metrics in the first quarter. FTEs per adjusted occupied bed were unfavorable to budget by 8.3% at Butler and .7% at Women & Infants; and were favorable to budget by .6% at Kent. The unfavorable variance in FTEs per adjusted occupied bed is primarily attributable to unfavorable patient activity variances experienced through the first quarter (see **Tab 10** for Patient Statistics). Management plans to continue to implement more initiatives targeting focused improvements in labor productivity and management. Labor productivity is monitored by pay period at each of the hospital operating units and at CNE. A series of efficiency metrics, to assist with the reporting of our performance, can be found in **Tab 5** of the package.

Salaries and wages were \$1.3 million or .9% less than the prior year, which includes a \$7.6 million decrease in Memorial's salaries. Although Memorial's salaries decreased, due to the transfer of certain Memorial programs to other CNE operating units, not all the Memorial salary decrease was recognized by the System. In addition, the System implemented its wage program in the first quarter for certain employees, further offsetting the decrease in salaries.

Fringe Benefits were \$1.9 million or 5.2% unfavorable to budget. The unfavorable variance is due to health insurance (large claims); claims experience has been unfavorable resulting in an increase in the System's health insurance costs.

Fringe benefits were \$383,364 or 1.0% less than the prior year, which includes a \$2.5 million decrease in Memorial's fringe benefits. Although Memorial's fringe benefits decreased, due to the transfer of certain Memorial programs to other CNE operating units, not all the Memorial fringe benefit decrease was recognized by the System.

Insurances were \$366,076 or 5.2% favorable to budget. Results by Indemnity program were mixed; actual underwriting experience versus expected actuarial losses was favorable at W&I Indemnity, but was unfavorable at Toll Gate Indemnity, through the first quarter.

Insurances were \$740,080 or 10% less than the prior year. The decrease in Memorial's insurance expense from the prior year was \$340,371.

Medical Supplies and Drugs were \$749,715 or 2.8% unfavorable to budget and \$1.6 million or 6.1% higher than the prior year. Variances in medical supplies and drugs are volume driven. Actual expense as a percentage of gross patient revenue is consistent with budget and higher than prior year actual. In addition, drug costs associated with the 340B pharmacy initiative have increased as a result of increased volume (corresponding increase in other revenues).

The reduction in Memorial's medical supplies and drugs from the prior year was \$1.8 million.

Other Expenses were \$5.8 million or 11.4% favorable to budget. The favorable other expense variance is primarily within consulting, purchased services, legal, maintenance contracts, marketing and elimination entries (corresponding variance in other revenue eliminations).

Other expenses were \$1.3 million or 2.9% lower than the prior year, which includes a \$2.8 million decrease in Memorial's other expenses. Although Memorial's other expenses decreased, due to the transfer of certain Memorial programs to other CNE operating units, not all the Memorial other expense decrease was recognized by the System. In addition, increases in legal, merger and software costs further offset the decrease in other expenses.

The reduction in the **License Fee** since the first quarter of FY2018 is related to Memorial. The Obligated Group's portion of Memorial's license fee in the first quarter of FY2018 was \$1.6 million.

Restructuring Costs are (\$5,883) through the first quarter of FY2019 and include adjustments to prior year severance estimates. Restructuring costs of \$433,221 through the first quarter of FY2018 primarily include severance costs related to restructuring activities and Huron consulting fees.

Restructuring Costs – Memorial Hospital of \$1.6 million through the first quarter of FY2018 relate to the closure of Memorial. These costs primarily include salaries and benefits related to

the WARN Act (Worker Adjustment and Retraining Notification is a layoff notice law requiring employers to give employees notification before mass layoffs or plant closings) and other exit costs such as legal, public relations and purchased services.

The Obligated Group's non-operating losses include (\$17.2) million in investment returns, realized and unrealized through the first quarter of FY2019. Through the first quarter of FY2018 non-operating gains and losses include \$7.1 million in investment returns, realized and unrealized, and a (\$29.5) million **Pension Settlement**. Included within other changes in unrestricted net assets, in the first quarter of FY2018, is a \$23.3 million **Pension Adjustment**. As a result of accounting rule changes that eliminate the impact to operating results for most pension costs and settlement accounting for pension plans, in FY2018, CNE implemented de-risking strategies for the two (CNE and MHRI) defined benefit pension plans.

The first strategy included a voluntary lump sum offering to certain terminated participants and active employee participants working past age 65 in the CNE Plan and the MHRI Plan. Benefits for individuals electing to receive lump sums were paid in FY2018, requiring accelerated recognition of a portion of prior actuarial losses in FY2018 expense. During FY2018, lump sums of \$37.338 million (consisting of approximately \$28 million from the bulk lump sum offer, and approximately \$9 million from ongoing availability) were paid from the CNE Plan and lump sums of \$24.139 million were paid from the MHRI Plan. The second strategy was the election of contract discontinuance of the John Hancock annuity for the MHRI plan. As a result of the discontinuance, future capital calls for the plan are eliminated and a one-time market value true-up from John Hancock occurred. This event required accelerated recognition of prior actuarial losses in FY2018 expense. As a result, the System recorded non-operating settlement charges of \$11.952 million for the CNE Plan lump sum offer and \$19.143 million for the MHRI Plan lump sum offer and group annuity contract discontinuance. The majority of these transactions were recorded in the first quarter of FY2018; the final results of these activities were recorded in September 2018 during the year-end audit as part of the year-end actuarial evaluation of the pension plans.

NOTE: The comments below refer to the Consolidated statement of unrestricted activities.

The System finished the first quarter of FY2019 with operating income of \$721,033 compared to a first quarter FY2018 operating loss of \$33.7 million. The FY2018 loss includes a \$33.9 million operating loss at Memorial Hospital. Memorial's first quarter FY2018 financial statements include a loss on asset impairment and also include restructuring activities related to its exit costs.

Loss on Asset Impairment – Memorial Hospital is \$22.4 million in the first quarter of FY2018. With the closure of Memorial Hospital's inpatient and surgical services, an impairment loss was recognized equal to the excess of carrying value over the estimated fair value of Memorial's assets.

Restructuring Costs – Memorial Hospital of \$2.6 million (of which \$1.6 million was incurred by the Obligated Group) in first quarter of FY2018 related to the closure of Memorial Hospital. These costs primarily include salaries and benefits related to the WARN Act (Worker Adjustment and Retraining Notification is a layoff notice law requiring employers to give employees notification before mass layoffs or plant closings) and other exit costs such as legal, public relations and purchased services.

Update on 2019 Key Budget Assumptions (Tab 4)

During the FY2019 budget process, certain areas required management to make material assumptions as to what would be encountered. These assumptions are tracked and reported upon routinely during the year. The Key Budget Assumptions that were identified for FY2019 were:

- Patient Volumes
- Care Retention
- Financial Improvement Action Plans
- Population Health Management
- Memorial Hospital Closure Plan

Efficiency Metrics (Tab 5)

The System's efficiency metrics include paid and worked hours per adjusted discharge/day, FTEs per adjusted occupied bed, salary and total cost per FTE. In the first quarter, cost per adjusted discharge is unfavorable to budget by 1.8% at Butler, 5.7% at Kent and 2.2% at Women and Infants, and cost per adjusted day is unfavorable to budget by 2.1% at Butler, .7% at Kent and 3.4% at Women & Infants. FTEs per Adjusted Occupied Bed are unfavorable to budget by 8.3% at Butler and .7% at Women and Infants and favorable to budget by .6% at Kent. Kaufman Hall's productivity software is used to monitor labor productivity by pay period at each of the hospital operating units.

Shared Savings and At Risk Arrangements (Tab 6)

This section is used to report on the System's alternative payment arrangements; Medicaid Accountable Entity, Blue Cross Blue Shield of RI Medicare Advantage, and Next Generation Medicare ACO. As the System continues to be more extensively engaged in new payment models and more exposed to quality/value contracting, we will use this section to comment on our initiatives and performance. Please see the write-up under this tab for the progress report.

Revenue Cycle Analyses (Tab 7)

Accounts receivable remains the System's largest current asset. Patient receivables decreased by \$3.9 million in the first quarter primarily due to lower volume and the improved cash collections across all entities, especially at the Butler campus. The allowance for uncollectible accounts as a percentage of patient receivables has also decreased 1% since September 30, 2018 as new billing processes continue to significantly decrease denials and adjustments related to timely filing. Schedules have been included in this tab reflecting revenue and accounts receivable, and other key information reported by the CNE Revenue Cycle department.

Consolidated and Obligated Group Financial Statement Ratios (Tab 8)

The financial ratios at December 31, 2018 show both the Consolidated and Obligated Group versions of the calculations.

Current and recent period financial ratios that measure the liquidity, profitability, and capital structure of the organization have been included in this tab. These ratios are important indications of the financial health of the organization and trends are thus important to note. Comparability with the ratios over the period of time presented is challenging with the addition of SHS to the System in FY2013 and TPC in FY2015, and the closure of Memorial in FY2018 (as previously noted, the exclusion of Memorial from the Obligated Group was effective December 22, 2017). Consistent with the audited financials of CNE,

we have included the balance sheet of SHS as of September 30, 2013 and its stub period operating results, for the period from date of acquisition on September 3, 2013 through September 30, 2013. SHS financial statements are included in CNE's consolidated financials in FY2014 and forward. We have included the balance sheet of The Providence Center as of January 1, 2015 and the results of operations and changes in net assets from the date of acquisition through September 30, 2015, in CNE's consolidated FY2015 financial statements. The Providence Center's financial statements are also included in CNE's consolidated financials in FY2016 and forward. Liquidity ratios remain weaker than prior years, impacted by the SHS acquisition. Capital structure ratios reflect the bond financings in September 2016.

In FY2019, it is anticipated that the intercompany borrowings between the Obligated Group and Memorial, will be forgiven by the Obligated Group. As a result, certain ratios (LT Debt to Equity and Debt/Capitalization) of the Obligated Group will be negatively impacted. Consolidated ratios will not be impacted. In addition, the Obligated Group's debt covenant ratios noted below will not be impacted.

Debt Covenants Obligated Group (Tab 9)

The Master Indenture for the RIHEBC Series 2016B bonds and the Series 2016C taxable notes contain financial covenants that had a delayed initial testing date. The financial debt covenants are as follows:

Debt service coverage ratio: The System must maintain a debt service coverage ratio of 1.1 to 1, effective in FY2018 and all subsequent fiscal years.

Days cash on hand: The System must maintain days cash on hand of 30, effective in FY2017 and all subsequent fiscal years.

Interim compliance status indicates that the System is above the threshold for the debt service coverage ratio. The System is also above the threshold for days cash on hand at December 31, 2018, and is in compliance with the covenant.

In FY2018, TPC had a \$1.5 million line of credit with a financial institution. The line of credit was terminated on August 28, 2018. The termination of the agreement relieved TPC of all liens encumbering the collateral in favor of the bank and restrictive covenants.

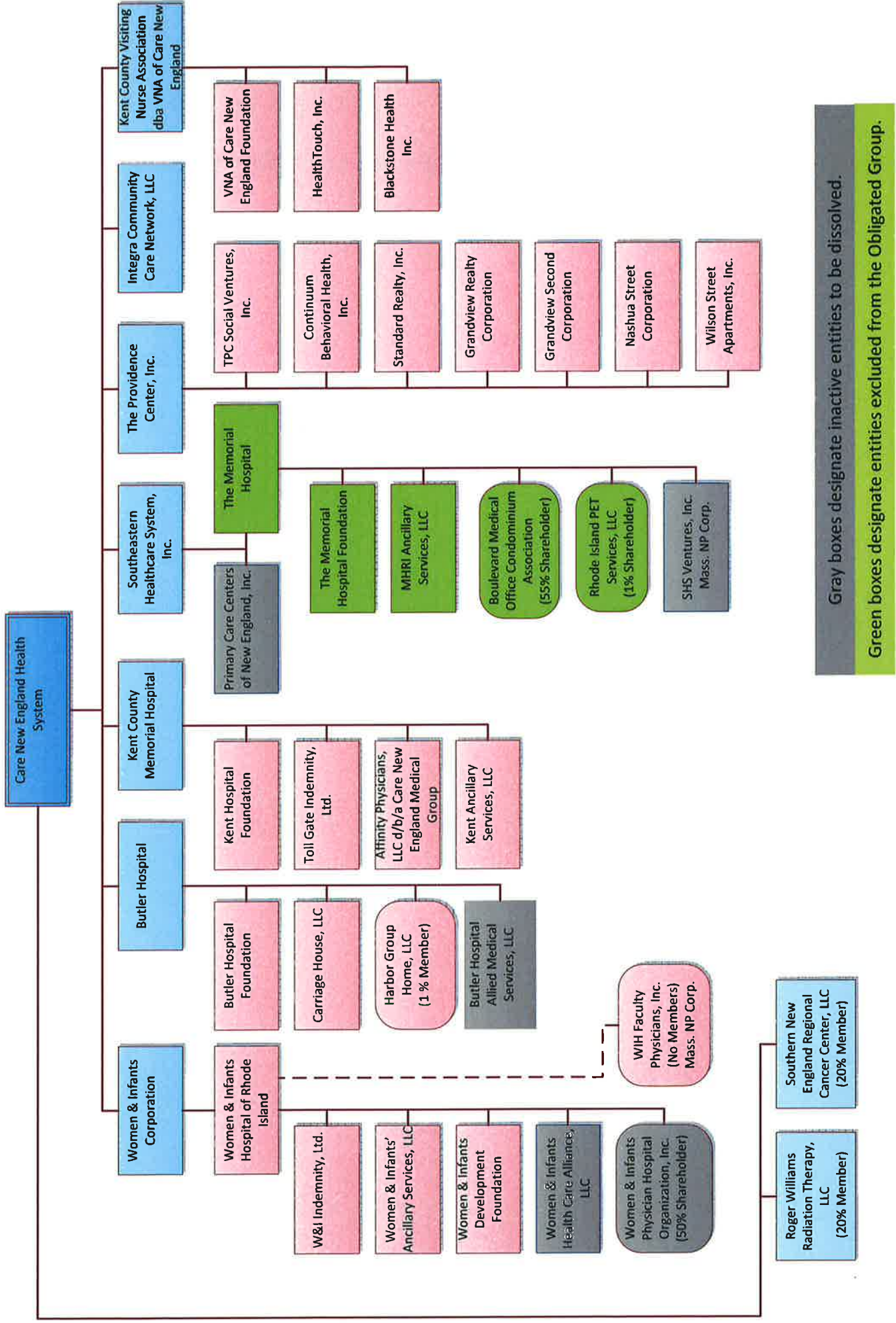
Patient Activity Summary (excluding Memorial) December 31, 2018 (Tab 10)

Inpatient volumes compared to budget were lower for the first quarter. All hospitals were under budget for the quarter. October was strong month for all hospitals, while both November and December experienced declines across the board. For the quarter, Butler discharges finished 1.3% behind budget and 1.9% behind last year's volume. Kent, meanwhile, also finished behind budget by 1.1%, but ahead of last year's volume by 4.4%. Women & Infant's inpatient volume was also lower compared to budget by 2.2% and even lower than last year by 4.9%. Patient day trends mirrored discharges as both Butler and Women & Infants' were behind budget for the first quarter and lower than prior year. NICU days finished slightly behind budget by .3%, and well behind last year's number by 2.8%. Level IV NICU days continue to significantly exceed the budget. Kent patient days were, however, higher than budget and also higher than the previous year. This was largely attributed to their higher length of stay. Deliveries ended the quarter 1.8% behind budget and 5.8% behind last year's volume. Surgical procedures finished ahead of budget by 1%, and 3.5% ahead of last year's volume. The emergency room visits ended the quarter 4.2% below budget and 3.5% behind prior year volume. Many other ancillary services also finished the quarter well below budget.

Capital Report (Tab 11)

This section is used to report on the System's capital expenditures. The System is closely monitoring capital expenditures through the executive capital committee. All capital expenditures must be approved by this committee and such expenditures are limited to critical and strategic items. Through the first quarter of FY2019, on a cash basis, \$2.3 million of the \$30.5 million capital budget has been spent, primarily related to information technology, medical equipment and facilities upgrades and renovations. Please see the report under this tab for an itemization of expenditures.

EXHIBIT A



CARE NEW ENGLAND FINANCIAL HIGHLIGHTS

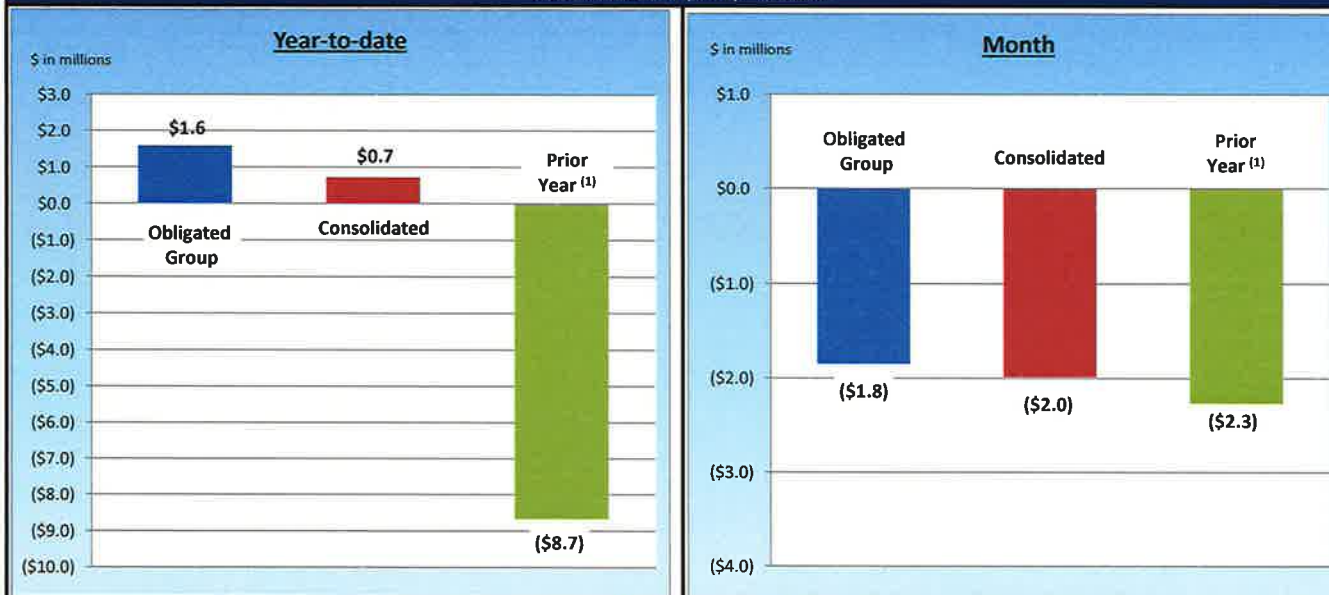
December-18

Notes re: MHRI

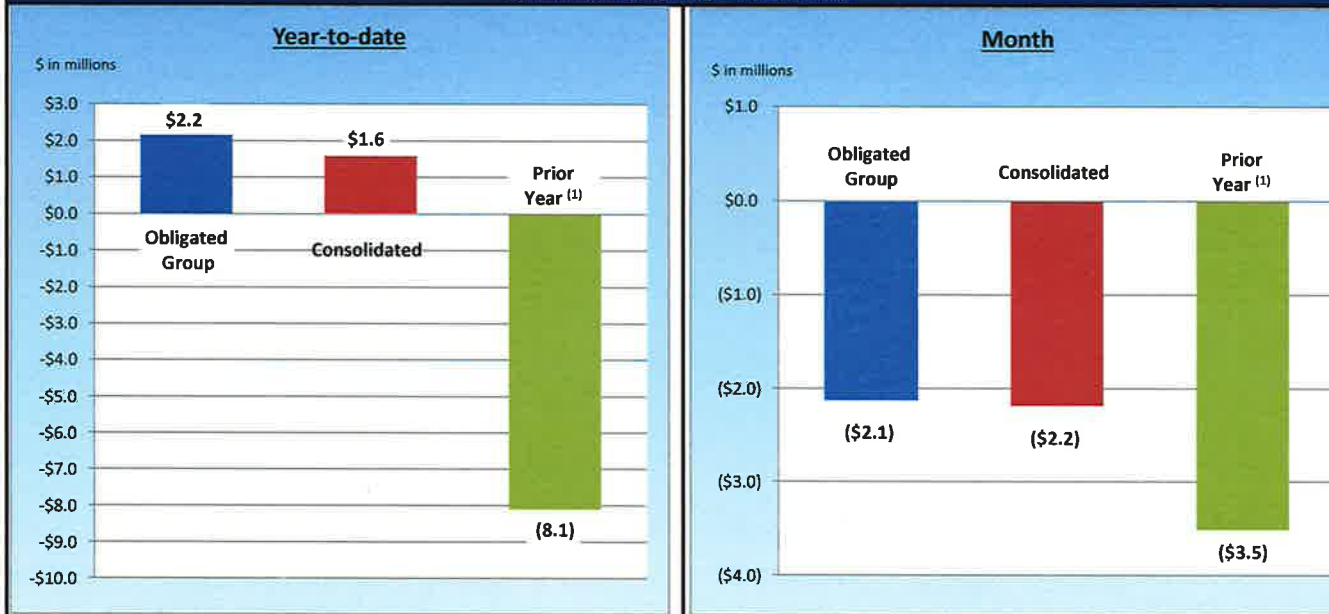
- Consolidated results through December 2018 include \$285k of restructuring costs due to the closure of MHRI
- MHRI and affiliates withdrew from Obligated Group on Dec. 22, 2017

(1) Prior Year Obligated Group excludes SHS

OPERATING GAIN (LOSS) - ACTUAL



OPERATING GAIN (LOSS) - NORMALIZED



YTD Operating Results

	Total CNE	Obligated Group
Operating Revenue		
Actual	\$ 282,632,425	\$ 281,222,625
Budget	\$ 279,622,555	\$ 279,622,555
Prior Year	\$ 278,190,694	\$ 259,036,049 ⁽¹⁾
% incr (decr) fr Prior Yr	1.6%	8.6%
Operating Expense		
Actual	\$ 281,911,392	\$ 279,636,343
Budget	\$ 284,253,790	\$ 282,848,544
Prior Year	\$ 311,847,008	\$ 259,200,032 ⁽¹⁾
% incr (decr) fr Prior Yr	-9.6%	7.9%

Key Volume Statistics (excluding Memorial)

Med/Surg Discharges	
Actual	3,222
Budget	3,232
Prior Year	3,017
% incr (decr) fr Prior Yr	6.8%
Obstetrics Discharges	
Actual	2,394
Budget	2,449
Prior Year	2,576
% incr (decr) fr Prior Yr	-7.1%
Psych Days	
Actual	14,217
Budget	14,457
Prior Year	14,605
% incr (decr) fr Prior Yr	-2.7%
NICU Days	
Actual	6,013
Budget	6,032
Prior Year	6,187
% incr (decr) fr Prior Yr	-2.8%
ED Visits	
Actual	23,580
Budget	24,626
Prior Year	24,447
% incr (decr) fr Prior Yr	-3.5%

CARE NEW ENGLAND
FINANCIAL HIGHLIGHTS
December-18

Operations Key Indicators	FY2015 Actual ⁶	FY2016 Actual	FY2017 Actual	2018 Actual ²		2019 Budget		YTD 2019 Actual		S&P Medians ⁴		Goal
				Total CNE	Obligated Group ¹	Total CNE	Obligated Group	Total CNE	Obligated Group	BBB	Speculative	
Operating Margin	-0.2%	-5.9%	-4.2%	-2.4%	0.6%	0.5%	1.0%	0.3%	0.6%	-1.8%	-4.2%	↑
Operating EBIDA Margin	3.7%	-2.0%	-0.3%	1.0%	3.9%	4.0%	4.4%	3.6%	3.9%	5.5%	2.2%	↑
Excess Margin ³	-2.4%	-4.6%	-1.8%	-4.2%	-1.3%	1.2%	1.6%	-6.4%	-6.0%	0.3%	-2.1%	↑
Debt Service Coverage ⁵	3.1x	0.32x	1.47x	3.13x	3.91x	3.77x	4.10x	3.47x	3.79x	2.8x	0.8x	↑
Salary + Benefits % of Revenue	62.8%	62.9%	63.7%	60.0%	60.3%	59.9%	59.9%	61.2%	61.5%	61.9%	52.6%	↓
Capital Expenditure Ratio	78.4%	72.5%	45.3%	59.7%	60.4%	100.0%	100.0%	37.3%	37.7%	103.8%	98.5%	↑
Balance Sheet Key Indicators	FY2015 Actual ⁶	FY2016 Actual	FY2017 Actual	2018 Actual ²		2019 Budget		YTD 2019 Actual		S&P Medians ⁴		Goal
				Total CNE	Obligated Group ¹	Total CNE	Obligated Group	Total CNE	Obligated Group	BBB	Speculative	
Days Cash on Hand ⁵	50.8	50.0	44.0	44.2	45.2	39.1	40.9	43.5	43.9	153.8	47.6	↑
Days A/R - Gross (Hospital)	56.0	49.0	49.0	45.0	45.0	48.5	48.5	45.0	45.0	43.3	62.0	↓
Days A/R - Gross (Professional)	40.4	36.0	35.0	32.2	32.2	30.0	30.0	32.3	32.3	n/a	n/a	↓
Debt to Capitalization	0.0%	0.0%	49.7%	47.3%	36.8%	39.5%	32.3%	49.8%	38.2%	39.7%	68.7%	↓
Cash to Debt	98%	93%	81%	83%	83%	84.3%	82.9%	80.2%	80.2%	129.4%	26.5%	↑
Current Ratio	1.35	1.19	1.19	1.29	1.32	1.40	1.45	1.33	1.36	n/a	n/a	↑
Average Age of Plant	12.3	12.2	14.2	18.0	18.1	18.1	17.1	18.2	18.3	10.8	14.3	↓
Average Payment Period	60.6	56.0	54.5	51.9	52.0	51.7	47.4	55.4	54.2	n/a	n/a	↑

¹ Reflects a combination of entity activity due to removal of Memorial from the Obligated Group effective December 22, 2017

- For period October 1 through December 21, 2017, all CNE entities are included

- Beginning December 22, 2017, Memorial Hospital and Memorial Foundation are excluded

² In FY2018, \$22.6 million of impairment expenses were recorded due to closure of MHRI

³ In December 2017, \$29.5 million of settlement charges were recorded in non-operating expense for pension de-risking actions

⁴ Per July 2018 Report on Not-For-Profit Health Care Systems

⁵ All years based on 2016 Series B & C covenant calculations

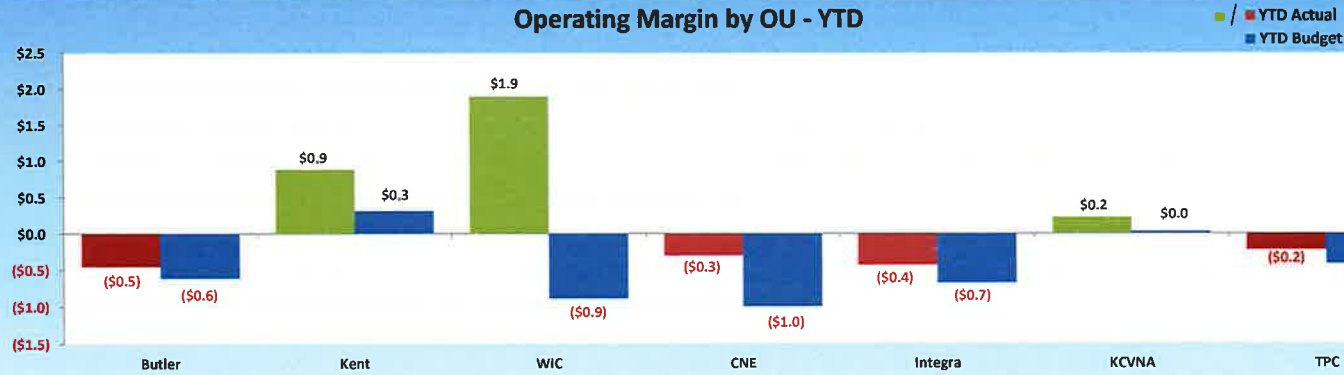
**CARE NEW ENGLAND
FINANCIAL HIGHLIGHTS
December-18**

Notes re: MHRI

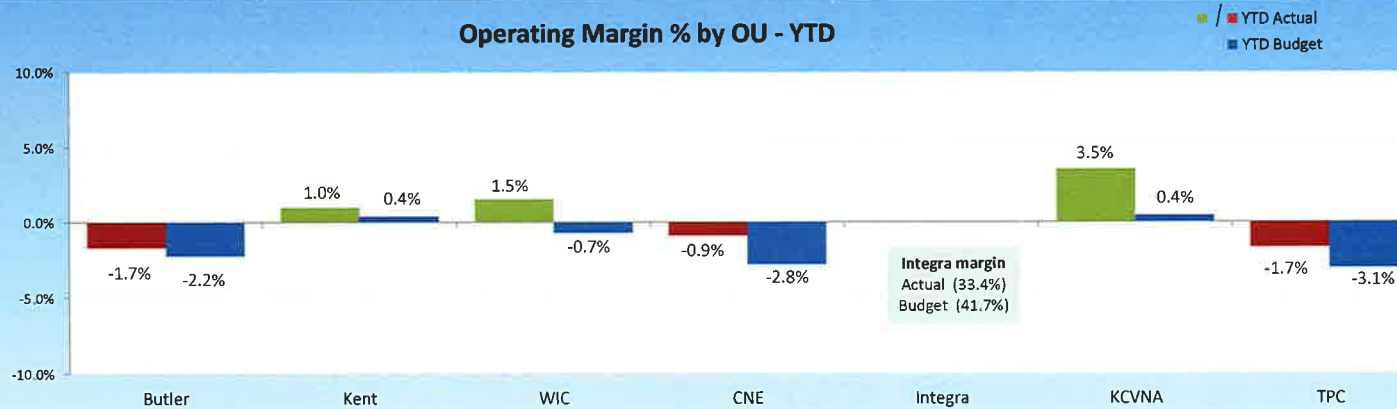
- Consolidated results through December 2018 include \$285k of restructuring costs due to the closure of MHRI
- MHRI and affiliates withdrew from Obligated Group on Dec. 22, 2017

OBLIGATED GROUP

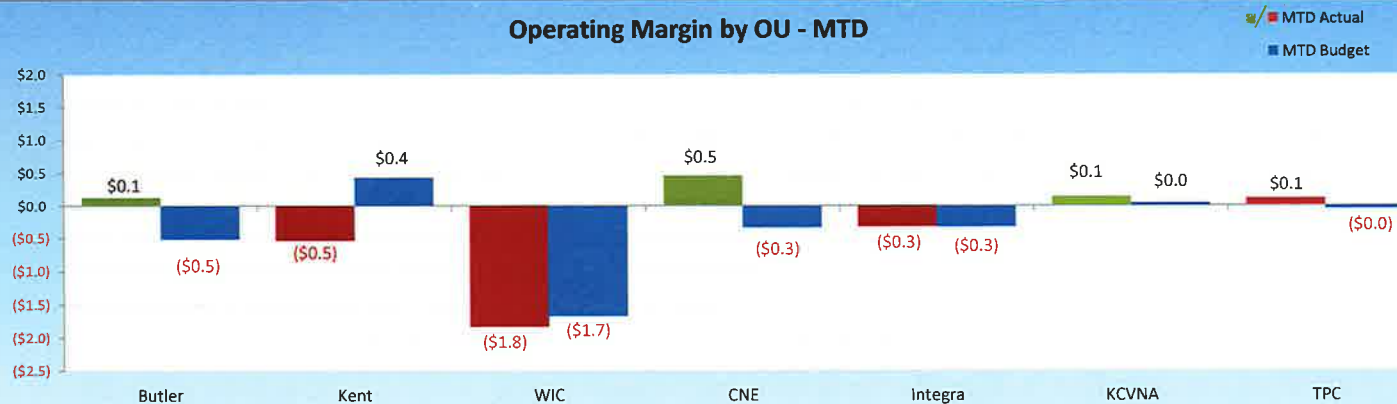
Operating Margin by OU - YTD



Operating Margin % by OU - YTD



Operating Margin by OU - MTD



**OUTSIDE OBLIGATED GROUP
Memorial Hospital & Affiliates**

YTD Operating Results

Operating Revenue

Actual	\$	1,140,823
Budget	\$	260,535
Variance	\$	880,288

Operating Expense

Actual	\$	2,006,072
Budget	\$	1,665,781
Variance	\$	340,291

Operating Margin

Actual	\$	(865,249)
Budget	\$	(1,405,246)
Variance	\$	539,997

YTD Operating Margin %

Operating Margin %

Actual	-75.8%
Budget	-539.4%

MTD Operating Results

Operating Revenue

Actual	\$	869,398
Budget	\$	86,845
Variance	\$	782,553

Operating Expense

Actual	\$	1,008,879
Budget	\$	555,901
Variance	\$	452,978

Operating Margin

Actual	\$	(139,481)
Budget	\$	(469,056)
Variance	\$	329,575

CARE NEW ENGLAND
NORMALIZED OPERATING MARGIN
Dec-18

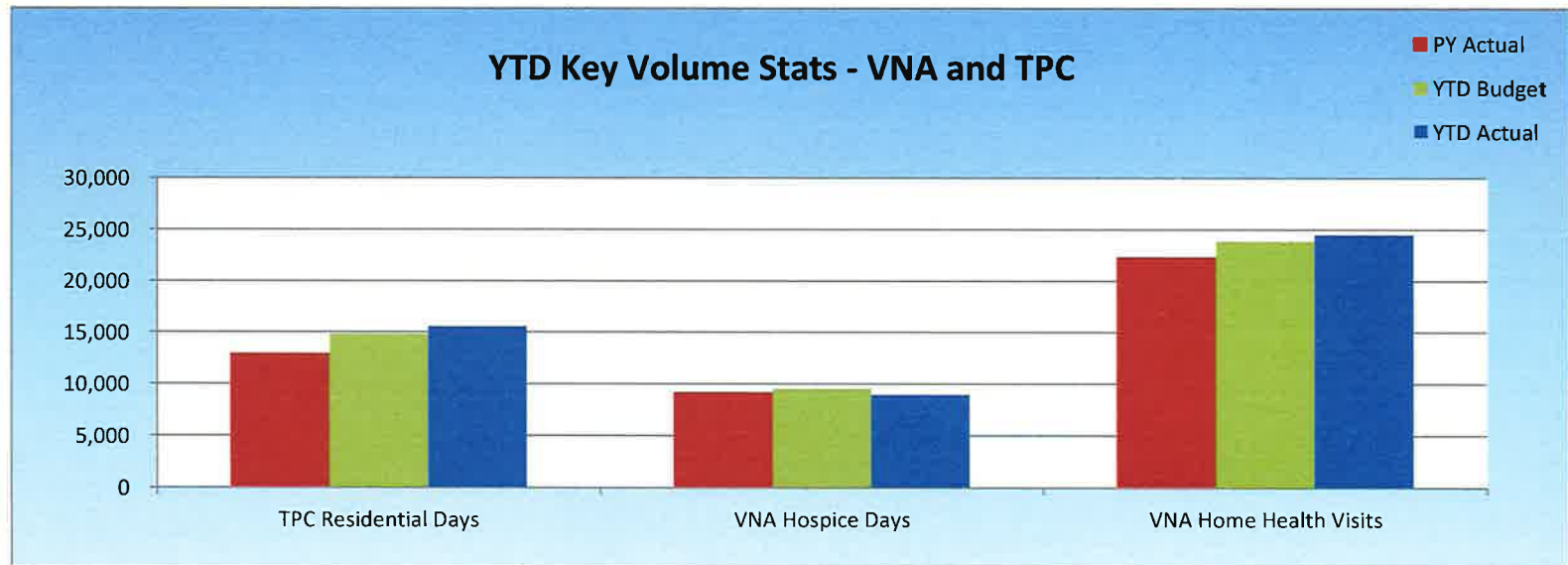
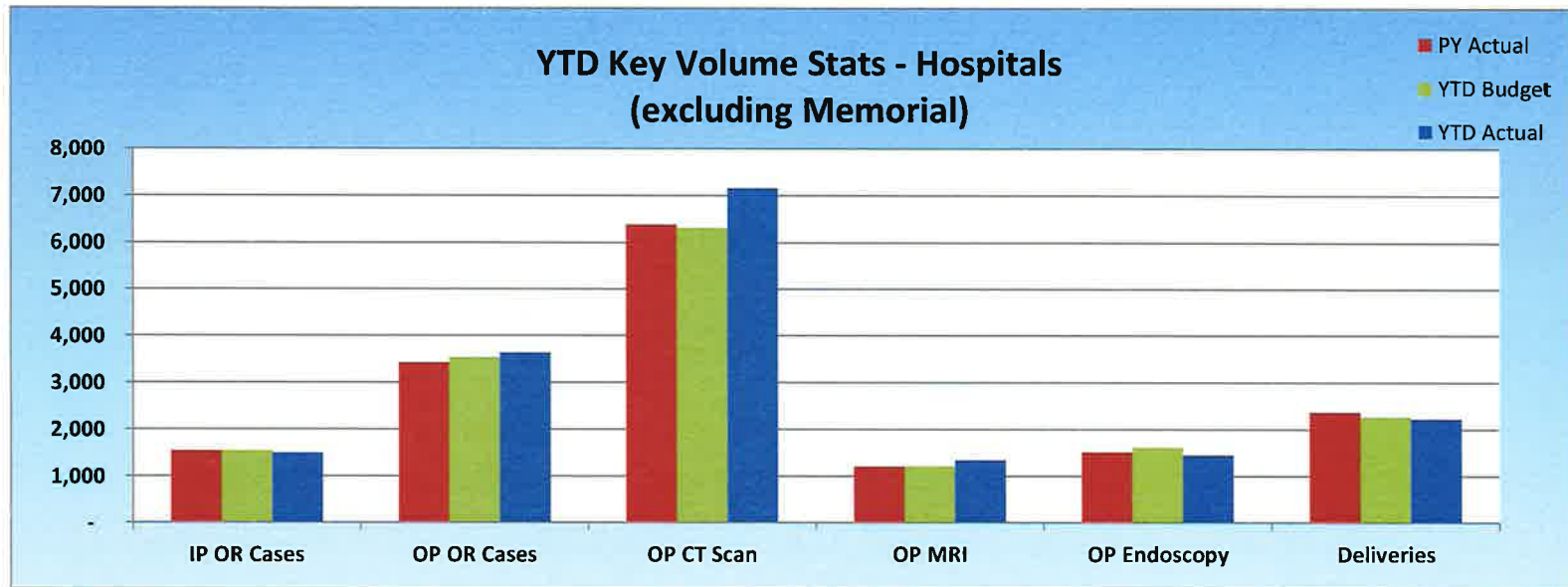
Year to Date

	Butler	Kent	WIH	CNE	Integra	VNA	TPC	Eliminations	Obligated Group	Memorial	Total CNE	Budget
Actual Operating Gain/(Loss)	\$ (453,550)	\$ 880,009	\$ 1,896,127	\$ (303,049)	\$ (431,812)	\$ 221,824	\$ (223,267)	\$ 0	\$ 1,586,282	\$ (865,249)	\$ 721,033	\$ (4,631,235)
Restructuring Costs	-	(37,436)	-	31,553	-	-	-	-	(5,883)	-	(5,883)	-
Merger Costs	-	-	-	446,495	-	-	-	-	446,495	-	446,495	990,000
Restructuring Costs - Memorial	-	-	-	-	-	-	-	-	-	285,368	285,368	192,500
AE Medicaid	-	-	-	-	(402,500)	-	-	-	(402,500)	-	(402,500)	-
Health Insurance Reserves	144,000	376,500	391,500	146,250	-	42,000	24,750	-	1,125,000	-	1,125,000	-
FY2018 STIP	90,000	133,000	225,000	(879,000)	-	10,000	70,000	-	(351,000)	4,000	(347,000)	-
FY2017 Integra distribution	-	-	-	-	(247,000)	-	-	-	(247,000)	-	(247,000)	-
Total - Normalization	234,000	472,064	616,500	(254,702)	(649,500)	52,000	94,750	-	565,112	289,368	854,480	1,182,500
Normalized Operating Gain (Loss) - YTD	\$ (219,550)	\$ 1,352,073	\$ 2,512,627	\$ (557,751)	\$ (1,081,312)	\$ 273,824	\$ (128,517)	\$ 0	\$ 2,151,394	\$ (575,881)	\$ 1,575,513	\$ (3,448,735)

Month to Date

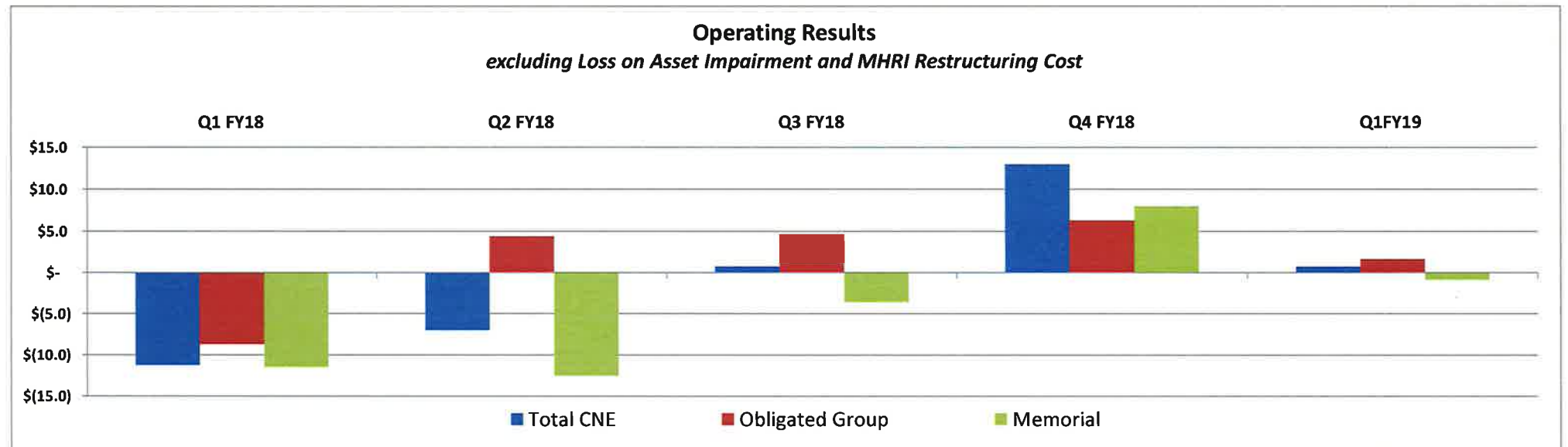
	Butler	Kent	WIH	CNE	Integra	VNA	TPC	Eliminations	Obligated Group	Memorial	Total CNE	Budget
Actual Operating Gain/(Loss)	\$ 125,310	\$ (530,194)	\$ (1,829,031)	\$ 457,908	\$ (319,179)	\$ 139,143	\$ 111,126	\$ 0	\$ (1,844,917)	\$ (139,481)	\$ (1,984,398)	\$ (2,861,718)
Restructuring Costs	-	(37,436)	-	-	-	-	-	-	(37,436)	-	(37,436)	-
Merger Costs	-	-	-	8,027	-	-	-	-	8,027	-	8,027	330,000
Restructuring Costs - Memorial	-	-	-	-	-	-	-	-	-	66,984	66,984	64,167
Workers Compensation adjustment	(91,667)	183,333	(91,667)	-	-	-	-	-	-	-	-	-
Health Insurance Reserves	111,833	308,917	331,833	110,000	-	22,917	30,250	-	915,750	-	915,750	-
FY2018 STIP	90,000	133,000	225,000	(879,000)	-	10,000	70,000	-	(351,000)	4,000	(347,000)	-
Reversal of general reserves	-	-	-	(500,000)	-	-	-	-	(500,000)	-	(500,000)	-
Indemnity true-up	-	643,333	(705,333)	-	-	-	-	-	(62,000)	-	(62,000)	-
FY2017 Integra distribution	-	-	-	-	(247,000)	-	-	-	(247,000)	-	(247,000)	-
Total - Normalization	110,167	1,231,147	(240,167)	(1,260,973)	(247,000)	32,917	100,250	-	(273,659)	70,984	(202,675)	394,167
Normalized Operating Gain/(Loss) - MTD	\$ 235,477	\$ 700,953	\$ (2,069,198)	\$ (803,065)	\$ (566,179)	\$ 172,060	\$ 211,376	\$ 0	\$ (2,118,576)	\$ (68,497)	\$ (2,187,073)	\$ (2,467,551)

**CARE NEW ENGLAND
FINANCIAL HIGHLIGHTS
Dec-18**



**CARE NEW ENGLAND
QUARTERLY TRENDS
CONSOLIDATED AND OBLIGATED GROUP**

	FY 2018										FY 2019			
	Q1		Q2		Q3		Q4		YTD 2018 Results		Q1		YTD 2019 Results	
	Obligated		Obligated		Obligated		Obligated		Obligated		Obligated		Obligated	
	Total CNE	Group	Total CNE	Group	Total CNE	Group	Total CNE	Group	Total CNE	Group	Total CNE	Group	Total CNE	Group
Revenue	\$ 278.2	\$ 277.5	\$ 271.6	\$ 271.9	\$ 278.7	\$ 279.1	\$ 302.7	\$ 292.3	\$ 1,131.2	\$ 1,120.8	\$ 282.6	\$ 281.2	\$ 282.6	\$ 281.2
Expenses														
Loss on Asset Impairment	22.4	-	(0.2)	-	0.1	-	-	-	22.3	-	-	-	-	-
Restructuring - MHRI	2.6	1.6	5.1	-	0.6	-	(1.1)	-	7.2	1.6	0.3	-	0.3	-
Restructuring - All Other	0.4	0.4	0.5	0.5	(0.5)	(0.5)	(0.3)	(0.3)	0.1	0.1	-	-	-	-
All Other Expenses	286.5	284.2	273.1	267.0	277.7	275.0	291.1	286.3	1,128.4	1,112.5	281.6	279.6	281.6	279.6
Total Expenses	311.9	286.2	278.5	267.5	277.9	274.5	289.7	286.0	1,158.1	1,114.2	281.9	279.6	281.9	279.6
Gain / (Loss) from Operations	\$ (33.7)	\$ (8.7)	\$ (7.0)	\$ 4.4	\$ 0.8	\$ 4.6	\$ 13.0	\$ 6.3	\$ (26.9)	\$ 6.6	\$ 0.7	\$ 1.6	\$ 0.7	\$ 1.6
MHRI Gain/(Loss)	(33.9)	(8.4)	(12.3)	-	(3.7)	-	8.0	-	(41.9)	(8.4)	(0.9)	-	(0.9)	-



ACTION PLAN PERFORMANCE TO DATE

December-18

Initiative Category	Benefit		Year-to-Date Performance		
	FY19 Budget	Annualized	Forecast	Actual	Variance
Programs & Services	\$ 6,747,326	\$ 8,158,263	\$ 1,518,952	\$ 1,210,958	\$ (307,994)
Care Retention	\$ 4,113,172	\$ 5,367,437	\$ 856,199	\$ 937,342	\$ 81,143
Labor	\$ 3,237,966	\$ 3,404,638	\$ 347,329	\$ 359,570	\$ 12,241
Supply Chain	\$ 2,899,999	\$ 2,899,999	\$ 282,050	\$ 379,873	\$ 97,823
Revenue Cycle ⁽¹⁾	\$ 3,900,000	\$ 3,900,000	\$ 975,000	\$ 996,903	\$ 21,903
Subtotal	\$ 20,898,463	\$ 23,730,338	\$ 3,979,530	\$ 3,884,646	(\$94,884)
Execution Risk	\$0	\$0	(\$893,087)	-	\$ 893,087
Total excluding Execution Risk	\$ 20,898,463	\$ 23,730,338	\$ 3,086,443	\$ 3,884,646	\$ 798,203

⁽¹⁾ Actual performance data lags by 90 days. Current period results are estimated to be at budget.

Care New England Health System
Consolidated Balance Sheet
(Unaudited)

CONSOLIDATED

	12/31/2018	9/30/2018	12/31/2017	12/18-09/18 Change	% Change	12/18-12/17 Change	% Change
ASSETS							
Current assets:							
Cash and cash equivalents	54,206,050	47,375,732	51,397,071	6,830,318	14.42%	2,808,979	5.47%
Receivables							
Patient	147,659,101	152,076,222	148,651,101	(4,417,121)	-2.90%	(992,000)	-0.67%
Less estimated uncollectibles	37,254,258	40,022,756	43,441,236	(2,768,498)	-6.92%	(6,186,978)	-14.24%
Net patient receivables	110,404,843	112,053,466	105,209,865	(1,648,623)	-1.47%	5,194,978	4.94%
Other	33,942,836	28,642,515	39,701,829	5,300,321	18.51%	(5,758,993)	-14.51%
Total receivables	144,347,679	140,695,981	144,911,694	3,651,698	2.60%	(564,015)	-0.39%
Assets limited as to use	4,462,530	1,644,087	4,633,403	2,818,443	171.43%	(170,873)	-3.69%
Inventories	8,177,443	8,400,077	8,260,625	(222,634)	-2.65%	(83,182)	-1.01%
Prepaid expenses	13,677,642	13,538,621	10,910,993	139,021	1.03%	2,766,649	25.36%
Notes receivable, net	101,073	101,073	-	-	0.00%	101,073	0.00%
Pledges, net	372,888	348,796	555,314	24,092	6.91%	(182,426)	-32.85%
Total current assets	225,345,305	212,104,367	220,669,100	13,240,938	6.24%	4,676,205	2.12%
Assets limited as to use							
Endowment funds	62,846,685	69,759,177	70,417,282	(6,912,492)	-9.91%	(7,570,597)	-10.75%
Board designated	114,760,335	123,418,947	118,966,462	(8,658,612)	-7.02%	(4,206,127)	-3.54%
Self insurance trust funds	147,323,317	160,702,302	152,580,106	(13,378,985)	-8.33%	(5,256,789)	-3.45%
Deferred compensation fund	1,259,581	1,442,703	1,946,312	(183,122)	-12.69%	(686,731)	-35.28%
Trustee held funds	17,007,811	13,940,111	16,618,542	3,067,700	22.01%	389,269	2.34%
Total assets limited as to use	343,197,729	369,263,240	360,528,704	(26,065,511)	-7.06%	(17,330,975)	-4.81%
Less amount required to meet current obligations	4,462,530	1,644,087	4,633,403	2,818,443	171.43%	(170,873)	-3.69%
Noncurrent assets limited as to use	338,735,199	367,619,153	355,895,301	(28,883,954)	-7.86%	(17,160,102)	-4.82%
Property, plant and equipment, net	248,442,035	253,145,764	255,546,497	(4,703,729)	-1.86%	(7,104,462)	-2.78%
Goodwill	24,488,975	24,488,975	24,488,975	-	0.00%	-	0.00%
Intangibles	1,080,000	1,080,000	1,080,000	-	0.00%	-	0.00%
Other Assets:							
Investments	3,972,121	3,924,208	3,600,062	47,913	1.22%	372,059	10.33%
Notes and advances receivable, net	137,925	161,221	-	(23,296)	-14.45%	137,925	0.00%
Other	1,565,039	1,565,039	-	-	0.00%	1,565,039	0.00%
Insurance recoveries receivable	5,898,068	5,898,068	2,064,069	-	0.00%	3,833,999	185.75%
Pledges receivable, net	89,582	89,582	68,228	-	0.00%	21,354	31.30%
Prepaid expenses and other	92,232	22,860	28,411	69,372	303.46%	63,821	224.63%
Total other assets	11,754,967	11,660,978	5,760,770	93,989	0.81%	5,994,197	104.05%
Total assets	849,846,481	870,099,237	863,440,643	(20,252,756)	-2.33%	(13,594,162)	-1.57%

LIABILITIES AND NET ASSETS

	12/31/2018	9/30/2018	12/31/2017	12/18-09/18 Change	% Change	12/18-12/17 Change	% Change
Current liabilities:							
Notes payable	-	-	-	-	0.00%	-	0.00%
Current pension payable	19,041,451	18,906,084	20,287,009	135,367	0.72%	(1,245,558)	-6.14%
Current installments of long-term debt	6,062,764	6,088,692	5,884,712	(25,928)	-0.43%	178,052	3.03%
Accounts payable and accrued expenses	110,321,907	109,893,038	123,432,804	428,869	0.39%	(13,110,897)	-10.62%
Self-insurance reserves	8,566,124	10,359,395	11,196,329	(1,793,271)	-17.31%	(2,630,205)	-23.49%
Deferred revenue	24,699,674	17,853,722	22,790,406	6,845,952	38.34%	1,909,288	8.38%
Estimated third party payor settlements	428,610	-	1,502,203	428,610	0.00%	(1,073,593)	-71.47%
Deferred compensation	532,355	618,974	759,232	(86,619)	-13.99%	(226,877)	-29.88%
Total current liabilities	169,652,885	163,719,905	185,852,695	5,932,980	3.62%	(16,199,810)	-8.72%
Estimated third party payor settlements	28,174,992	27,612,056	22,516,778	562,936	2.04%	5,658,214	25.13%
Net pension liability	88,845,587	89,880,243	105,023,202	(1,034,656)	-1.15%	(16,177,615)	-15.40%
Net post retirement liability	1,092,755	1,092,755	1,384,571	-	0.00%	(291,816)	-21.06%
Asset retirement obligation	6,369,584	6,353,898	1,990,265	15,686	0.25%	4,379,319	220.04%
Other liabilities	49,187	75,729	100,521	(26,542)	-35.05%	(51,334)	-51.07%
Self-insurance reserves	145,799,739	148,308,213	135,033,696	(2,508,474)	-1.69%	10,766,043	7.97%
Long-term debt, net of current portion	165,481,948	165,744,883	171,590,587	(262,935)	-0.16%	(6,108,639)	-3.56%
Deferred compensation	607,598	635,062	986,174	(27,464)	-4.32%	(378,576)	-38.39%
Total liabilities	606,074,275	603,422,744	624,478,489	2,651,531	0.44%	(18,404,214)	-2.95%
Net assets:							
Unrestricted	162,941,713	180,695,097	154,164,726	(17,753,384)	-9.83%	8,776,987	5.68%
Temporarily restricted	41,307,204	43,354,996	42,251,366	(2,047,792)	-4.72%	(944,162)	-2.23%
Permanently restricted	39,523,289	42,626,400	42,546,062	(3,103,111)	-7.28%	(3,022,773)	-7.10%
Total net assets	243,772,206	266,676,493	238,962,154	(22,904,287)	-8.59%	4,810,052	2.01%
Total liabilities and net assets	849,846,481	870,099,237	863,440,643	(20,252,756)	-2.33%	(13,594,162)	-1.57%

**Care New England Health System
Consolidated Balance Sheet
(Unaudited)**

OBLIGATED GROUP

	12/31/2018	9/30/2018	12/31/2017	12/18-09/18 Change	% Change	12/18-12/17 Change	% Change
ASSETS							
Current assets:							
Cash and cash equivalents	53,866,673	47,377,284	51,524,495	6,489,389	13.70%	2,342,178	4.55%
Receivables							
Patient	147,465,648	151,390,875	139,306,322	(3,925,227)	-2.59%	8,159,326	5.86%
Less estimated uncollectibles	37,059,052	39,337,409	38,059,670	(2,278,357)	-5.79%	(1,000,618)	-2.63%
Net patient receivables	110,406,596	112,053,466	101,246,652	(1,646,870)	-1.47%	9,159,944	9.05%
Other	33,251,618	26,122,988	33,534,539	7,128,630	27.29%	(282,921)	-0.84%
Total receivables	143,658,214	138,176,454	134,781,191	5,481,760	3.97%	8,877,023	6.59%
Assets limited as to use	4,462,530	1,644,087	4,633,403	2,818,443	171.43%	(170,873)	-3.69%
Inventories	8,177,443	8,400,077	7,543,245	(222,634)	-2.65%	634,198	8.41%
Prepaid expenses	12,799,652	12,967,206	9,953,095	(167,554)	-1.29%	2,846,557	28.60%
Notes receivable, net	101,073	101,073	-	-	0.00%	101,073	0.00%
Pledges, net	372,888	348,796	555,314	24,092	6.91%	(182,426)	-32.85%
Due from Affiliates	-	-	-	-	0.00%	-	0.00%
Total current assets	223,438,473	209,014,977	208,990,743	14,423,496	6.90%	14,447,730	6.91%
Assets limited as to use							
Endowment funds	51,948,123	57,843,798	57,403,350	(5,895,675)	-10.19%	(5,455,227)	-9.50%
Board designated	114,760,335	123,418,947	118,966,462	(8,658,612)	-7.02%	(4,206,127)	-3.54%
Self insurance trust funds	147,323,317	160,702,302	152,569,405	(13,378,985)	-8.33%	(5,246,088)	-3.44%
Deferred compensation fund	1,259,581	1,442,703	1,946,312	(183,122)	-12.69%	(686,731)	-35.28%
Trustee held funds	17,007,811	13,940,111	16,618,542	3,067,700	22.01%	389,269	2.34%
Total assets limited as to use	332,299,167	357,347,861	347,504,071	(25,048,694)	-7.01%	(15,204,904)	-4.38%
Less amount required to meet current obligations	4,462,530	1,644,087	4,633,403	2,818,443	171.43%	(170,873)	-3.69%
Noncurrent assets limited as to use	327,836,637	355,703,774	342,870,668	(27,867,137)	-7.83%	(15,034,031)	-4.38%
Property, plant and equipment, net	242,986,166	247,618,739	250,248,502	(4,632,573)	-1.87%	(7,262,336)	-2.90%
Goodwill	143,611	143,611	143,611	-	0.00%	-	0.00%
Intangibles	1,080,000	1,080,000	1,080,000	-	0.00%	-	0.00%
Other Assets:							
Investments	3,967,121	3,919,208	3,595,062	47,913	1.22%	372,059	10.35%
Notes and advances receivable, net	137,925	161,221	-	(23,296)	-14.45%	137,925	0.00%
Other	1,565,039	1,565,039	-	-	0.00%	1,565,039	0.00%
Insurance recoveries receivable	347,559	347,559	483,410	-	0.00%	(135,851)	-28.10%
Pledges receivable, net	89,582	89,582	68,228	-	0.00%	21,354	31.30%
Due from Affiliates	109,344,179	109,241,027	108,957,595	103,152	0.09%	386,584	0.00%
Prepaid expenses and other	92,232	22,860	28,411	69,372	303.46%	63,821	224.33%
Total other assets	115,543,637	115,346,496	113,132,706	197,141	0.17%	2,410,931	2.13%
Total assets	911,028,524	928,907,597	916,466,230	(17,879,073)	-1.92%	(5,437,706)	-0.59%

LIABILITIES AND NET ASSETS

	12/31/2018	9/30/2018	12/31/2017	12/18-09/18 Change	% Change	12/18-12/17 Change	% Change
Current liabilities:							
Notes payable	-	-	-	-	0.00%	-	0.00%
Current pension payable	19,041,451	18,906,084	19,101,031	135,367	0.72%	(59,580)	-0.31%
Current installments of long-term debt	6,062,764	6,059,513	5,769,697	3,251	0.05%	293,067	5.08%
Accounts payable and accrued expenses	108,670,137	108,471,734	113,644,834	198,403	0.18%	(4,974,697)	-4.38%
Self-insurance reserves	8,566,124	10,359,395	11,196,329	(1,793,271)	-17.31%	(2,630,205)	-23.49%
Deferred revenue	21,414,355	14,200,375	19,298,258	7,213,980	50.80%	2,116,097	10.97%
Estimated third party payor settlements	428,610	-	(604,239)	428,610	0.00%	1,032,849	170.93%
Deferred compensation	532,355	618,974	759,232	(86,619)	-13.99%	(226,877)	-29.58%
Total current liabilities	164,715,796	158,616,075	169,165,142	6,099,721	3.85%	(4,449,346)	-2.63%
Estimated third party payor settlements	17,572,312	17,006,003	17,940,819	566,309	3.33%	(368,507)	-2.05%
Net pension liability	88,845,587	89,880,243	34,987,435	(1,034,656)	-1.15%	53,858,152	153.94%
Net post retirement liability	1,092,755	1,092,755	1,384,571	-	0.00%	(291,816)	-21.08%
Asset retirement obligation	2,021,618	1,998,932	1,969,642	22,686	1.13%	51,976	2.64%
Other liabilities	49,187	75,729	17,676	(26,542)	-35.05%	31,511	178.27%
Self-insurance reserves	139,230,230	141,738,704	133,379,715	(2,508,474)	-1.77%	5,850,515	4.39%
Long-term debt, net of current portion	165,481,948	165,706,301	171,277,395	(224,353)	-0.14%	(5,795,447)	-3.38%
Deferred compensation	607,598	635,062	986,174	(27,464)	-4.32%	(378,576)	-38.39%
Total liabilities	579,617,031	576,749,804	531,108,569	2,867,227	0.50%	48,508,462	9.13%
Net assets:							
Unrestricted	261,944,879	278,557,093	313,933,726	(16,612,214)	-5.96%	(51,988,847)	-16.56%
Temporarily restricted	40,261,195	41,947,348	39,999,875	(1,686,153)	-4.02%	261,320	0.65%
Permanently restricted	29,205,419	31,653,352	31,424,060	(2,447,933)	-7.73%	(2,218,641)	-7.06%
Total net assets	331,411,493	352,157,793	385,357,661	(20,746,300)	-5.89%	(53,946,168)	-14.00%
Total liabilities and net assets	911,028,524	928,907,597	916,466,230	(17,879,073)	-1.92%	(5,437,706)	-0.59%

**Care New England
Balance Sheet
(Unaudited)**

OBLIGATED GROUP													
As of December 31, 2018													
BUTLER	KENT	CNEMG	WIC	SHS¹	CNE	Integra	KCVNA	TPC	Eliminations¹	Total Obligated Group	Memorial²	Eliminations²	Total Care New England
(1,745,444)	35,916,304	(24,515,113)	113,316,323	-	(60,764,653)	(6,029,880)	(6,064,782)	3,753,918	-	53,866,673	339,377	-	54,206,050
8,551,872	48,069,765	9,318,862	69,052,683	-	-	-	3,694,687	8,777,779	-	147,465,648	193,453	-	147,659,101
2,748,677	13,801,636	4,163,483	12,703,330	-	-	-	769,426	2,872,500	-	37,059,052	195,206	-	37,254,258
5,803,195	34,268,129	5,155,379	56,349,353	-	-	-	2,925,261	5,905,279	-	110,406,596	(1,753)	-	110,404,843
3,133,593	12,224,881	1,858,648	14,478,780	-	161,417	179,220	838,804	376,275	-	33,251,618	691,218	-	33,942,836
8,936,788	46,493,010	7,014,027	70,828,133	-	161,417	179,220	3,764,065	6,281,554	-	143,658,214	689,465	-	144,347,679
-	-	-	-	-	4,462,530	-	-	-	-	4,462,530	-	-	4,462,530
224,428	4,682,681	241,947	3,028,387	-	-	-	-	-	-	8,177,443	-	-	8,177,443
247,068	894,115	4,930	2,307,692	-	8,951,151	109,330	36,754	248,612	-	12,799,652	877,990	-	13,677,642
-	-	101,073	-	-	-	-	-	-	-	101,073	-	-	101,073
25,549	157,517	-	154,994	-	-	-	-	34,828	-	372,888	-	-	372,888
210,052	-	-	852	-	6,229,794	-	-	-	(6,440,698)	-	-	-	-
7,898,441	88,143,627	(17,153,136)	189,636,381	-	(40,959,761)	(5,741,330)	(2,263,963)	10,318,912	(6,440,698)	223,438,473	1,906,832	-	225,345,305
18,041,978	16,305,506	-	15,857,795	-	-	-	-	1,742,844	-	51,948,123	10,898,562	-	62,846,685
6,639,198	23,036,007	-	84,372,562	-	-	-	712,568	-	-	114,760,335	-	-	114,760,335
3,373,154	45,872,768	-	95,395,893	-	2,681,502	-	-	-	-	147,323,317	-	-	147,323,317
190,129	71,373	-	346,096	-	651,983	-	-	-	-	1,259,581	-	-	1,259,581
-	-	-	-	-	16,133,393	-	-	874,418	-	17,007,811	-	-	17,007,811
28,244,459	85,285,654	-	195,972,346	-	19,466,878	-	712,568	2,617,262	-	332,299,167	10,898,562	-	343,197,729
-	-	-	-	-	4,462,530	-	-	-	-	4,462,530	-	-	4,462,530
28,244,459	85,285,654	-	195,972,346	-	15,004,348	-	712,568	2,617,262	-	327,836,637	10,898,562	-	338,735,199
20,885,284	65,876,380	-	117,086,300	-	23,058,699	-	319,560	15,759,943	-	242,986,166	5,455,869	-	248,442,035
-	-	-	-	-	-	-	-	143,611	-	143,611	24,345,364	-	24,488,975
-	-	-	-	-	-	-	-	1,080,000	-	1,080,000	-	-	1,080,000
-	-	-	-	-	3,967,121	-	-	-	-	3,967,121	5,000	-	3,972,121
-	-	137,925	-	-	-	-	-	-	-	137,925	-	-	137,925
-	510,171	-	1,054,868	-	-	-	-	-	-	1,565,039	-	-	1,565,039
347,559	-	-	-	-	-	-	-	-	-	347,559	5,550,509	-	5,898,068
39,056	50,526	-	-	-	-	-	-	-	-	89,582	-	-	89,582
-	-	-	-	-	109,344,179	-	-	-	-	109,344,179	-	(109,344,179)	-
-	-	-	-	-	-	-	-	92,232	-	92,232	-	-	92,232
386,615	560,697	137,925	1,054,868	-	113,311,300	-	-	92,232	-	115,543,637	5,555,509	(109,344,179)	11,754,967
57,414,799	239,866,358	(17,015,211)	503,749,895	-	110,414,586	(5,741,330)	(1,231,835)	30,011,960	(6,440,698)	911,028,524	48,162,136	(109,344,179)	849,846,481

¹ - includes Southeastern Health Care System Inc. and Primary Care Centers of New England

² - includes The Memorial Hospital and affiliates

**Care New England
Balance Sheet
(Unaudited)**

OBLIGATED GROUP													
As of December 31, 2018													
BUTLER	KENT	CNEMG	WIC	SHS¹	CNE	Integra	KCVNA	TPC	Eliminations¹	Total Obligated Group	Memorial²	Eliminations²	Total Care New England
-	-	-	-	-	-	-	-	-	-	-	-	-	-
811,445	11,677,386	-	2,004,122	-	3,285,648	-	122,771	1,140,079	-	19,041,451	-	-	19,041,451
290,351	843,688	-	635,872	-	5,592,073	-	-	50,195	(1,349,415)	6,062,764	-	-	6,062,764
5,864,120	34,083,608	3,377,371	35,208,394	-	20,753,646	4,501,844	2,710,623	2,170,531	-	108,670,137	1,651,770	-	110,321,907
-	-	-	-	-	8,566,124	-	-	-	-	8,566,124	-	-	8,566,124
7,252,461	8,878,686	-	4,191,364	-	411,690	75,000	453,156	151,998	-	21,414,355	3,285,319	-	24,699,674
-	428,610	-	-	-	-	-	-	-	-	428,610	-	-	428,610
-	99,390	-	-	-	-	-	-	4,991,893	(5,091,283)	-	-	-	-
-	-	-	-	-	532,355	-	-	-	-	532,355	-	-	532,355
14,218,377	56,011,368	3,377,371	42,039,752	-	39,141,536	4,576,844	3,286,550	8,504,696	(6,440,698)	164,715,796	4,937,089	-	169,652,885
2,118,724	1,550,916	-	13,615,323	-	-	-	287,349	-	-	17,572,312	10,602,680	-	28,174,992
6,940,729	11,793,026	-	5,413,702	-	63,701,757	-	996,373	-	-	88,845,587	-	-	88,845,587
-	1,092,755	-	-	-	-	-	-	-	-	1,092,755	-	-	1,092,755
955,088	1,066,530	-	-	-	-	-	-	-	-	2,021,618	4,347,966	-	6,369,584
-	49,187	-	-	-	-	-	-	-	-	49,187	-	-	49,187
3,333,507	42,827,999	-	83,620,698	-	9,448,026	-	-	-	-	139,230,230	6,569,509	-	145,799,739
2,728,659	1,546,065	-	77,130	-	160,991,992	-	-	138,102	-	165,481,948	-	-	165,481,948
-	-	-	-	-	-	-	-	-	-	-	109,344,179	(109,344,179)	-
190,129	71,373	-	346,096	-	-	-	-	-	-	607,598	-	-	607,598
30,485,213	116,009,219	3,377,371	145,112,701	-	273,283,311	4,576,844	4,570,272	8,642,798	(6,440,698)	579,617,031	135,801,423	(109,344,179)	606,074,275
6,602,466	106,156,842	(20,392,582)	332,916,671	-	(162,868,725)	(10,319,381)	(5,778,715)	15,628,303	-	261,944,879	(99,003,166)	-	162,941,713
16,658,444	4,962,607	-	14,600,498	-	-	1,207	(23,392)	4,061,831	-	40,261,195	1,046,009	-	41,307,204
3,668,676	12,737,690	-	11,120,025	-	-	-	-	1,679,028	-	29,205,419	10,317,870	-	39,523,289
26,929,586	123,857,139	(20,392,582)	358,637,194	-	(162,868,725)	(10,318,174)	(5,802,107)	21,369,162	-	331,411,493	(87,639,287)	-	243,772,206
57,414,799	239,866,358	(17,015,211)	503,749,895	-	110,414,586	(5,741,330)	(1,231,835)	30,011,960	(6,440,698)	911,028,524	48,162,136	(109,344,179)	849,846,481

¹ - includes Southeastern Health Care System Inc. and Primary Care Centers of New England

² - includes The Memorial Hospital and affiliates

Care New England
Statements of Cash Flows
(Unaudited)

	3 Months Ended	12/31/2018
Operating activities		
Change in net assets		\$ (22,904,287)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Pension and post retirement adjustment		-
Depreciation and amortization		7,503,777
Amortization of debt issuance costs		40,235
Bond premium amortization		(162,612)
Bond discount amortization		14,117
Provision for bad debt		7,387,934
Income and gains on assets limited as to use		(3,003,887)
Net unrealized (gains) losses on investments		20,167,751
Restricted contributions and investment income		3,103,111
Changes in		
Patient accounts receivable		(5,739,311)
Other current and long-term assets		(5,334,789)
Accounts payable and accrued expenses		428,869
Estimated third-party payor settlements		991,546
Other liabilities		6,721,013
Net pension liability		(899,289)
Self-insurance reserves		(4,301,745)
Net cash provided by (used in) operating activities		<u>4,012,433</u>
Investing activities		
Purchase of property and equipment		(2,800,048)
Net change in assets limited as to use		<u>8,901,647</u>
Net cash provided by (used in) investing activities		<u>6,101,599</u>
Financing activities		
Payments on notes payable		-
Payments on long-term debt and capital leases		(180,602)
Investments and investment income		<u>(3,103,111)</u>
Net cash provided by (used in) financing activities		<u>(3,283,714)</u>
Net increase (decrease) in cash and cash equivalents		6,830,318
Cash and cash equivalents		
Beginning of year		<u>47,375,732</u>
End of year		<u>\$ 54,206,050</u>

Care New England
Combined Statement of Unrestricted Activities
December 31, 2018
(Unaudited)

	OBLIGATED GROUP					
	Q1 2019 Actual	Q4 2018 Actual	Q3 2018 Actual	Q2 2018 Actual	Q1 2018 Actual	Variance Q1 2019 to Q1 2018
						%
Unrestricted revenues and gains:						
Patient service revenue (net of contractual allowances)	261,086,523	272,771,964	257,183,838	251,433,351	259,774,763	1,311,760
Less: Charity care	(2,669,676)	(2,895,125)	(2,806,782)	(3,960,169)	(2,989,508)	319,832
Provision for bad debts	(7,407,145)	(9,698,254)	(7,903,226)	(7,407,281)	(8,153,795)	746,650
Net patient service revenue less provision for bad debts	251,009,702	260,178,585	246,473,830	240,065,901	248,631,460	2,378,242
Net assets released from restrictions	379,751	1,625,235	310,702	493,376	308,287	71,464
Research revenue	8,746,107	7,558,065	7,650,904	7,362,777	8,514,014	232,093
Other revenue	21,087,065	23,002,333	24,674,714	23,956,562	20,068,735	1,018,330
Total revenues and gains	281,222,625	292,364,218	279,110,150	271,878,616	277,522,496	3,700,129
						1.33%
Operating expenses:						
Salaries and wages	133,233,027	135,135,358	127,386,132	122,988,029	134,496,389	(1,263,362)
Fringe benefits	39,665,765	38,754,015	39,236,377	38,706,062	39,282,401	383,364
Insurances	6,688,312	9,125,659	6,577,065	6,685,911	7,428,392	(740,080)
Medical supplies and drugs	27,284,995	22,955,855	25,337,075	24,931,585	25,713,530	1,571,465
Other expenses	44,927,238	53,741,491	49,684,636	46,720,441	46,247,424	(1,320,186)
Research expenses	8,329,297	7,499,573	7,649,430	7,123,082	8,639,098	(309,801)
Licensure fee	10,134,707	10,443,166	10,443,165	10,443,165	11,994,542	(1,859,835)
Interest	1,950,784	1,986,751	2,000,398	2,002,847	1,985,585	(34,801)
Depreciation and amortization	7,428,101	7,153,839	6,637,905	7,443,257	8,413,042	(984,941)
Loss on asset impairment - Memorial Hospital	0	0	0	0	0	0
Shared services	0	0	0	0	0	0
Restructuring costs	(5,883)	(336,043)	(461,280)	437,435	433,221	(439,104)
Restructuring costs - Memorial Hospital	0	(384,499)	0	0	1,554,719	(1,554,719)
Total operating expenses	279,636,343	286,075,165	274,490,903	267,481,814	286,188,343	(6,552,000)
						-2.29%
Net income (loss) from operations	1,586,282	6,289,053	4,619,247	4,396,802	(8,665,847)	10,252,129
						-118.30%
Nonoperating gains and (losses):						
Unrestricted gifts & bequests	211,567	54,513	169,334	177,115	277,117	(65,550)
Income on investments whose use is limited	1,183,239	767,213	762,822	661,254	1,099,335	83,904
Gains (losses) on investments whose use is limited	1,820,648	1,495,694	2,330,866	2,718,347	1,977,678	(157,030)
Transfer to/from Parent	0	0	0	0	0	0
Change in net unrealized gains (losses)	(20,167,751)	3,239,525	(2,949,804)	(2,255,902)	4,004,257	(24,172,008)
Other components of current period pension expense	(1,087,176)	(758,692)	(758,693)	(758,690)	(618,912)	(468,264)
Pension settlement	0	(1,550,728)	0	0	(29,545,276)	29,545,276
Other	(370,335)	(440,564)	(434,667)	(197,026)	(437,611)	67,276
Net nonoperating gains (losses)	(18,409,808)	2,806,961	(880,142)	345,098	(23,243,412)	4,833,604
						-20.80%
Excess (deficiency) of revenues and gains over expenses	(16,823,526)	9,096,014	3,739,106	4,741,900	(31,909,259)	15,085,733
						-47.28%
Pension adjustment	0	14,866,508	0	0	23,346,247	(23,346,247)
Net assets released from restrictions	211,306	1,058,355	154,148	229,365	111,036	100,270
Transfer (to) from temporarily restricted	0	(201,322)	0	0	0	0
Memorial Hospital from the Obligated Group	0	135,788,879	0	0	0	0
Other transfers	0	0	0	(70,122,853)	0	0
Increase (decrease) in unrestricted net assets	(\$16,612,220)	\$160,608,434	\$3,893,254	(\$65,151,588)	(\$8,451,976)	(\$8,160,244)
						96.55%
Adjusted net income (loss) from operations:						
Net income (loss) from operations	1,586,282	6,289,053	4,619,247	4,396,802	(8,665,847)	10,252,129
						-118.30%
Less:						
Loss on asset impairment - Memorial Hospital	0	0	0	0	0	0
Restructuring costs	(5,883)	(336,043)	(461,280)	437,435	433,221	(439,104)
Restructuring costs - Memorial Hospital	0	(384,499)	0	0	1,554,719	(1,554,719)
Loss on refinancing	0	0	0	0	0	0
Loss on write-off of intangible assets	0	0	0	0	0	0
Total one-time adjustments	(5,883)	(720,542)	(461,280)	437,435	1,987,940	(1,993,823)
						-100.30%
Adjusted net income (loss) from operations	1,580,399	5,568,511	4,157,967	4,834,237	(6,677,907)	\$8,258,306
						-123.67%

¹ - excludes Memorial Hospital and affiliates beginning 12.22.17

Care New England
Combined Statement of Unrestricted Activities
December 31, 2018
(Unaudited)

	CONSOLIDATED					
	Q1 2019 Actual	Q4 2018 Actual	Q3 2018 Actual	Q2 2018 Actual	Q1 2018 Actual	Variance Q1 2019 to Q1 2018
						%
Unrestricted revenues and gains:						
Patient service revenue (net of contractual allowances)	261,161,038	283,402,311	257,235,320	252,141,723	260,674,345	486,693
Less: Charity care	(2,669,706)	(2,903,666)	(2,939,610)	(4,354,295)	(3,041,123)	371,417
Provision for bad debts	(7,387,934)	(9,666,853)	(7,821,242)	(7,352,280)	(8,161,127)	773,193
Net patient service revenue less provision for bad debts	251,103,398	270,831,792	246,474,468	240,435,148	249,472,095	1,631,303
Net assets released from restrictions	379,751	1,636,506	314,168	534,459	320,625	59,126
Research revenue	9,473,131	9,162,530	7,963,041	8,463,394	8,640,436	832,695
Other revenue	21,676,145	21,062,089	24,022,426	22,119,095	19,757,538	1,918,607
Total revenues and gains	282,632,425	302,692,917	278,774,103	271,552,096	278,190,694	4,441,731
						1.60%
Operating expenses:						
Salaries and wages	133,382,158	134,989,583	127,580,313	124,012,765	135,444,278	(2,062,120)
Fringe benefits	39,713,977	38,736,522	39,535,532	39,140,169	39,607,340	106,637
Insurances	6,845,528	10,154,390	6,695,852	7,164,594	7,469,046	(623,518)
Medical supplies and drugs	27,288,696	23,267,895	25,293,879	25,068,612	25,817,760	1,470,936
Other expenses	45,748,631	53,450,965	49,782,995	47,874,562	46,582,349	(833,718)
Research expenses	9,062,832	9,060,451	7,903,581	8,121,740	8,761,975	300,857
Licensure fee	10,134,707	12,181,456	12,181,455	12,181,454	12,181,455	(2,046,748)
Interest	1,951,601	1,986,281	2,001,392	2,006,707	2,012,787	(61,186)
Depreciation and amortization	7,503,777	6,995,701	6,796,068	7,692,407	8,537,720	(1,033,943)
Loss on asset impairment - Memorial Hospital	0	303,518	63,613	(225,954)	22,419,809	(22,419,809)
Shared services	0	0	0	0	0	0
Restructuring costs	(5,883)	(336,043)	(461,280)	437,435	433,221	(439,104)
Restructuring costs - Memorial Hospital	285,368	(1,111,985)	597,098	5,116,448	2,579,269	(2,293,901)
Total operating expenses	281,911,392	289,678,735	277,970,498	278,590,939	311,847,008	(29,935,616)
						-9.60%
Net income (loss) from operations	721,033	13,014,182	803,605	(7,038,843)	(33,656,314)	34,377,347
						-102.14%
Nonoperating gains and (losses):						
Unrestricted gifts & bequests	(64,354)	189,381	250,761	246,631	282,002	(346,356)
Income on investments whose use is limited	1,183,239	767,213	762,822	661,304	1,099,369	83,870
Gains (losses) on investments whose use is limited	1,820,648	1,495,694	2,330,866	2,718,209	1,977,742	(157,094)
Transfer to/from Parent	0	0	0	0	0	0
Change in net unrealized gains (losses)	(20,167,751)	3,239,525	(2,949,804)	(2,255,459)	4,004,368	(24,172,119)
Other components of current period pension expense	(1,087,176)	(758,692)	(758,693)	(758,690)	(675,796)	(411,380)
Pension settlement	0	(1,550,728)	0	0	(29,545,276)	29,545,276
Other	(370,335)	(440,563)	(434,667)	(197,026)	(437,611)	67,276
Net nonoperating gains (losses)	(18,685,729)	2,941,830	(798,715)	414,969	(23,295,202)	4,609,473
						-19.79%
Excess (deficiency) of revenues and gains over expenses	(17,964,696)	15,956,012	4,890	(6,623,874)	(56,951,516)	38,986,820
						-68.46%
Pension adjustment	0	14,866,508	0	0	23,346,247	(23,346,247)
Net assets released from restrictions	211,306	1,068,492	154,148	229,365	111,036	100,270
Transfer (to) from temporarily restricted	0	874,820	0	0	0	0
Memorial Hospital from the Obligated Group	0	0	0	0	0	0
Other transfers	0	0	0	0	0	0
Increase (decrease) in unrestricted net assets	(\$17,753,390)	\$32,765,832	\$159,038	(\$6,394,509)	(\$33,494,233)	\$15,740,843
						-47.00%
Adjusted net income (loss) from operations:						
Net income (loss) from operations	721,033	13,014,182	803,605	(7,038,843)	(33,656,314)	34,377,347
Less:						
Loss on asset impairment - Memorial Hospital	0	303,518	63,613	(225,954)	22,419,809	(22,419,809)
Restructuring costs	(5,883)	(336,043)	(461,280)	437,435	433,221	(439,104)
Restructuring costs - Memorial Hospital	285,368	(1,111,985)	597,098	5,116,448	2,579,269	(2,293,901)
Loss on refinancing	0	0	0	0	0	0
Loss on write-off of intangible assets	0	0	0	0	0	0
Total one-time adjustments	279,485	(1,144,510)	199,431	5,327,929	25,432,299	(25,152,814)
						-98.90%
Adjusted net income (loss) from operations	1,000,518	11,869,672	1,003,036	(1,710,914)	(8,224,015)	\$9,224,533
						-112.17%

Care New England - Obligated Group
Combined Statement of Unrestricted Activities
For the Three Months Ending December 31, 2018
(Unaudited)

OBLIGATED GROUP

	Current YTD Actual	Current YTD Budget	Variance Actual to Budget	%	Current YTD Actual	Prior YTD Actual	Variance Actual to Actual	%
Unrestricted revenues and gains:								
Patient service revenue (net of contractual allowances)	\$261,086,523	\$257,845,301	\$3,241,222	1.26%	\$261,086,523	\$259,774,763	1,311,760	0.50%
Less: Charity care	(2,669,676)	(2,592,865)	(76,811)	-2.96%	(2,669,676)	(2,989,508)	319,832	10.70%
Provision for bad debts	(7,407,145)	(8,321,778)	914,633	10.99%	(7,407,145)	(8,153,795)	746,650	9.16%
Net patient service revenue less provision for bad debts	251,009,702	246,930,658	4,079,044	1.65%	251,009,702	248,631,460	2,378,242	0.96%
Net assets released from restrictions	379,751	330,998	48,753	14.73%	379,751	308,287	71,464	23.18%
Research revenue	8,746,107	8,983,360	(237,253)	-2.64%	8,746,107	8,514,014	232,093	2.73%
Other revenue	21,087,065	23,377,539	(2,290,474)	-9.80%	21,087,065	20,068,735	1,018,330	5.07%
Total revenues and gains	281,222,625	279,622,555	1,600,070	0.57%	281,222,625	277,522,496	3,700,129	1.33%
Operating expenses:								
Salaries and wages	133,233,027	132,380,827	(852,200)	-0.64%	133,233,027	134,496,389	1,263,362	0.94%
Fringe benefits	39,665,765	37,720,144	(1,945,621)	-5.16%	39,665,765	39,282,401	(383,364)	-0.98%
Insurances	6,688,312	7,054,388	366,076	5.19%	6,688,312	7,428,392	740,080	9.96%
Medical supplies and drugs	27,284,995	26,535,280	(749,715)	-2.83%	27,284,995	25,713,530	(1,571,465)	-6.11%
Other expenses	44,927,238	50,710,585	5,783,347	11.40%	44,927,238	46,247,425	1,320,187	2.85%
Research expenses	8,329,297	8,997,072	667,775	7.42%	8,329,297	8,639,098	309,801	3.59%
Licensure fee	10,134,707	10,134,707	0	0.00%	10,134,707	11,994,542	1,859,835	15.51%
Interest	1,950,784	1,994,235	43,451	2.18%	1,950,784	1,985,585	34,801	1.75%
Depreciation and amortization	7,428,101	7,321,306	(106,795)	-1.46%	7,428,101	8,413,042	984,941	11.71%
Loss on asset impairment - Memorial Hospital	0	0	0	0.00%	0	0	0	0.00%
Restructuring costs	(5,883)	0	5,883	0.00%	(5,883)	433,221	439,104	101.36%
Restructuring costs - Memorial Hospital	0	0	0	0.00%	0	1,554,719	1,554,719	100.00%
Total operating expenses	279,636,343	282,848,544	3,212,201	1.14%	279,636,343	286,188,344	6,552,001	2.29%
Net income (loss) from operations	1,586,282	(3,225,989)	4,812,271	149.17%	1,586,282	(8,665,848)	10,252,130	118.30%
Nonoperating gains and (losses):								
Unrestricted gifts & bequests	211,567	227,175	(15,608)	-6.87%	211,567	277,117	(65,550)	-23.65%
Income on investments whose use is limited	1,183,239	879,579	303,660	34.52%	1,183,239	1,099,335	83,904	7.63%
Gains (losses) on investments whose use is limited	1,820,648	1,931,152	(110,504)	-5.72%	1,820,648	1,977,678	(157,030)	-7.94%
Transfer to/from parent	0	0	0	0.00%	0	0	0	0.00%
Change in net unrealized gains (losses)	(20,167,751)	2,356,517	(22,524,268)	-955.83%	(20,167,751)	4,004,257	(24,172,008)	-603.66%
Other components of current period pension expense	(1,087,176)	(1,087,176)	0	0.00%	(1,087,176)	(618,912)	(468,264)	-75.66%
Pension settlement	0	0	0	0.00%	0	(29,545,276)	29,545,276	100.00%
Other	(370,335)	(424,183)	53,848	12.69%	(370,335)	(437,611)	67,276	15.37%
Net nonoperating gains (losses)	(18,409,808)	3,883,064	(22,292,872)	-574.11%	(18,409,808)	(23,243,412)	4,833,604	20.80%
Excess (deficiency) of revenues and gains over expenses	(16,823,526)	657,075	(17,480,601)	-2660.37%	(16,823,526)	(31,909,260)	15,085,734	47.28%
Pension and post retirement adjustment	0	0	0	0.00%	0	23,346,247	(23,346,247)	-100.00%
Net assets released from restrictions	211,306	142,052	69,254	48.75%	211,306	111,036	100,270	90.30%
Other transfers	0	0	0	0.00%	0	0	0	0.00%
Transfer (to) from temporarily restricted	0	0	0	0.00%	0	0	0	0.00%
Increase (decrease) in unrestricted net assets	(\$16,612,220)	\$799,127	(\$17,411,347)	-2178.80%	(\$16,612,220)	(\$8,451,977)	(\$8,160,243)	-96.55%

Care New England
Combined Statement of Unrestricted Activities
For the Three Months Ending December 31, 2018
(Unaudited)

CONSOLIDATED

	Current YTD Actual	Current YTD Budget	Variance Actual to Budget	%	Current YTD Actual	Prior YTD Actual	Variance Actual to Actual	%
Unrestricted revenues and gains:								
Patient service revenue (net of contractual allowances)	\$261,161,038	\$257,845,301	\$3,315,737	1.29%	\$261,161,038	\$260,674,345	486,693	0.19%
Less: Charity care	(2,669,706)	(2,592,865)	(76,841)	-2.96%	(2,669,706)	(3,041,123)	371,417	12.21%
Provision for bad debts	(7,387,934)	(8,321,778)	933,844	11.22%	(7,387,934)	(8,161,127)	773,193	9.47%
Net patient service revenue less provision for bad debts	251,103,398	246,930,658	4,172,740	1.69%	251,103,398	249,472,095	1,631,303	0.65%
Net assets released from restrictions	379,751	330,998	48,753	14.73%	379,751	320,625	59,125	18.44%
Research revenue	9,473,131	8,983,360	489,771	5.45%	9,473,131	8,640,436	832,695	9.64%
Other revenue	21,676,145	23,377,539	(1,701,394)	-7.28%	21,676,145	19,757,538	1,918,607	9.71%
Total revenues and gains	282,632,425	279,622,555	3,009,870	1.08%	282,632,425	278,190,694	4,441,731	1.60%
Operating expenses:								
Salaries and wages	133,382,158	132,557,317	(824,841)	-0.62%	133,382,158	135,444,278	2,062,120	1.52%
Fringe benefits	39,713,977	37,771,630	(1,942,347)	-5.14%	39,713,977	39,607,340	(106,637)	-0.27%
Insurances	6,845,528	7,114,569	269,041	3.78%	6,845,528	7,469,046	623,518	8.35%
Medical supplies and drugs	27,288,696	26,535,280	(753,416)	-2.84%	27,288,696	25,817,759	(1,470,937)	-5.70%
Other expenses	45,748,631	51,635,174	5,886,543	11.40%	45,748,631	46,582,349	833,718	1.79%
Research expenses	9,062,832	8,997,072	(65,760)	-0.73%	9,062,832	8,761,975	(300,857)	-3.43%
Licensure fee	10,134,707	10,134,707	0	0.00%	10,134,707	12,181,455	2,046,748	16.80%
Interest	1,951,601	1,994,235	42,634	2.14%	1,951,601	2,012,787	61,186	3.04%
Depreciation and amortization	7,503,777	7,321,306	(182,471)	-2.49%	7,503,777	8,537,720	1,033,943	12.11%
Loss on asset impairment - Memorial Hospital	0	0	0	0.00%	0	22,419,809	22,419,809	100.00%
Restructuring costs	(5,883)	0	5,883	0.00%	(5,883)	433,221	439,104	101.36%
Restructuring costs - Memorial Hospital	285,368	192,500	(92,868)	-48.24%	285,368	2,579,269	2,293,901	88.94%
Total operating expenses	281,911,392	284,253,790	2,342,398	0.82%	281,911,392	311,847,008	29,935,616	9.60%
Net income (loss) from operations	721,033	(4,631,235)	5,352,268	115.57%	721,033	(33,656,314)	34,377,347	102.14%
Nonoperating gains and (losses):								
Unrestricted gifts & bequests	(64,354)	227,175	(291,529)	-128.33%	(64,354)	282,002	(346,356)	-122.82%
Income on investments whose use is limited	1,183,239	879,579	303,660	34.52%	1,183,239	1,099,369	83,870	7.63%
Gains (losses) on investments whose use is limited	1,820,648	1,931,152	(110,504)	-5.72%	1,820,648	1,977,742	(157,094)	-7.94%
Transfer to/from parent	0	0	0	0.00%	0	0	0	0.00%
Change in net unrealized gains (losses)	(20,167,751)	2,356,517	(22,524,268)	-955.83%	(20,167,751)	4,004,368	(24,172,119)	-603.64%
Other components of current period pension expense	(1,087,176)	(1,087,176)	0	0.00%	(1,087,176)	(675,796)	(411,380)	-60.87%
Pension settlement	0	0	0	0.00%	0	(29,545,276)	29,545,275	100.00%
Other	(370,335)	(424,183)	53,848	12.69%	(370,335)	(437,611)	67,275	15.37%
Net nonoperating gains (losses)	(18,685,729)	3,883,064	(22,568,793)	-581.21%	(18,685,729)	(23,295,202)	4,609,473	19.79%
Excess (deficiency) of revenues and gains over expenses	(17,964,696)	(748,171)	(17,216,525)	-2301.15%	(17,964,696)	(56,951,516)	38,986,820	68.46%
Pension and post retirement adjustment	0	0	0	0.00%	0	23,346,247	(23,346,247)	-100.00%
Net assets released from restrictions	211,306	142,052	69,254	48.75%	211,306	111,036	100,270	90.30%
Other transfers	0	0	0	0.00%	0	0	0	0.00%
Transfer (to) from temporarily restricted	0	0	0	0.00%	0	0	0	0.00%
Increase (decrease) in unrestricted net assets	(\$17,753,390)	(\$606,119)	(\$17,147,271)	-2829.03%	(\$17,753,390)	(\$33,494,233)	\$15,740,843	47.00%

Care New England
Combined Statement of Unrestricted Activities
For the Three Months Ending December 31, 2018
(Unaudited)

OBLIGATED GROUP													
Year to Date Actual													
Butler	Kent	CNEMG	WIC	SHS¹	CNE	Integra	KCVNA	TPC	Eliminations¹	Total Obligated Group	Memorial²	Eliminations²	Total Care New England
19,118,243 (1,114,748)	90,872,869 (421,565)	21,767,861 (144,745)	111,633,777 (988,618)	-	35,696	-	5,920,988	11,737,089	-	261,086,523 (2,669,676)	74,515 (30)	-	261,161,038 (2,669,706)
189,466	(4,138,423)	(941,630)	(2,509,256)	-	-	-	(7,302)	-	-	(7,407,145)	19,211	-	(7,387,934)
18,192,961	86,312,881	20,681,486	108,135,903	-	35,696	-	5,913,686	11,737,089	-	251,009,702	93,696	-	251,103,398
121,072	72,280	-	32,041	-	-	-	-	154,358	-	379,751	-	-	379,751
3,537,181	321,484	-	4,869,392	-	-	18,050	-	-	-	8,746,107	727,024	-	9,473,131
4,718,546	4,811,536	3,670,276	11,788,276	-	33,571,379	1,275,810	403,457	1,303,846	(40,442,219)	21,100,907	320,103	255,135	21,676,145
-	-	13,119,270	-	-	-	-	-	-	(13,133,112)	(13,842)	-	13,842	-
26,569,760	91,518,181	37,471,032	124,825,612	-	33,607,075	1,293,860	6,317,143	13,195,293	(53,575,331)	281,222,625	1,140,823	268,977	282,632,425
11,278,307	29,127,349	25,212,100	40,977,111	-	13,347,037	1,031,057	3,744,070	8,515,996	-	133,233,027	149,131	-	133,382,158
3,462,683	7,527,361	5,512,474	15,716,272	-	3,797,263	377,524	1,029,223	2,104,579	138,386	39,665,765	48,212	-	39,713,977
491,902	4,172,734	701,306	2,027,760	-	55,953	26,029	73,006	167,393	(1,027,771)	6,688,312	157,216	-	6,845,528
438,717	11,608,219	402,709	14,976,010	-	169	-	510,936	166	(651,931)	27,284,995	3,701	-	27,288,696
1,107,752	12,649,773	5,642,443	14,395,763	-	13,974,109	175,778	534,607	2,143,815	(5,696,802)	44,927,238	566,258	255,135	45,748,631
3,560,451	299,669	-	4,451,127	-	-	18,050	-	-	-	8,329,297	733,535	-	9,062,832
-	4,217,014	-	5,917,693	-	-	-	-	-	-	10,134,707	-	-	10,134,707
227,731	390,392	-	741,250	-	504,886	-	168	86,357	-	1,950,784	817	-	1,951,601
823,228	1,960,899	-	2,589,928	-	1,775,222	-	28,570	250,254	-	7,428,101	75,676	-	7,503,777
-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,529,078	12,347,305	-	16,915,219	-	-	62,500	200,000	150,000	(33,204,102)	-	-	-	-
-	(37,436)	-	-	-	31,553	-	-	-	-	(5,883)	-	-	(5,883)
-	-	-	-	-	-	-	-	-	-	-	285,368	-	285,368
-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,103,461	6,374,893	-	4,221,352	-	423,932	34,734	(25,261)	-	(13,133,111)	(0)	(13,842)	13,842	(0)
27,023,310	90,638,172	37,471,032	122,929,485	-	33,910,124	1,725,672	6,095,319	13,418,560	(53,575,331)	279,636,343	2,006,072	268,977	281,911,392
(453,550)	880,009	-	1,896,127	-	(303,049)	(431,812)	221,824	(223,267)	0	1,586,282	(865,249)	-	721,033
-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,644	20,781	-	34,185	-	-	-	10,030	141,927	-	211,567	(275,921)	-	(64,354)
195,937	232,126	-	669,994	-	81,469	-	3,713	-	-	1,183,239	-	-	1,183,239
109,811	300,177	-	1,349,700	-	49,056	-	11,904	-	-	1,820,648	-	-	1,820,648
-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1,028,345)	(4,789,152)	-	(14,290,433)	-	25,820	-	(85,641)	-	-	(20,167,751)	-	-	(20,167,751)
(106,553)	(180,619)	-	(82,934)	-	(701,811)	-	(15,259)	-	-	(1,087,176)	-	-	(1,087,176)
-	-	-	-	-	-	-	-	-	-	-	-	-	-
470	27,938	-	86,901	-	(444,964)	-	-	(40,680)	-	(370,335)	-	-	(370,335)
(824,036)	(4,388,749)	-	(12,232,587)	-	(990,430)	-	(75,253)	101,247	-	(18,409,808)	(275,921)	-	(18,685,729)
(1,277,586)	(3,508,740)	-	(10,336,460)	-	(1,293,479)	(431,812)	146,571	(122,020)	0	(16,823,526)	(1,141,170)	-	(17,964,696)
-	-	-	-	-	-	-	-	-	-	-	-	-	-
12,996	142,720	-	15,050	-	-	-	-	40,540	-	211,306	-	-	211,306
-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1,264,590)	(3,366,020)	-	(10,321,410)	-	(1,293,479)	(431,812)	146,571	(81,480)	0	(16,612,220)	(1,141,170)	-	(17,753,390)

¹ - Includes Southeastern Health Care System Inc. and Primary Care Centers of New England, Inc.

² - Includes The Memorial Hospital and affiliates

Care New England
Combined Statement of Unrestricted Activities
For the Three Months Ending December 31, 2018
(Unaudited)

OBLIGATED GROUP													
Year To Date Budget													
Butler	Kent	CNEMG	WIC	SHS¹	CNE	Integra	KCVNA	TPC	Eliminations¹	Total Obligated Group	Memorial²	Eliminations²	Total Care New England
19,034,351 (493,698) (252,775)	89,331,933 (886,980) (4,269,073)	22,593,300 (123,976) (1,498,232)	108,833,853 (1,082,382) (2,265,831)	- - -	40,879 - -	- - -	5,846,337 (5,839) (35,867)	12,164,648 - -	- - -	257,845,301 (2,592,865) (8,321,778)	- - -	- - -	257,845,301 (2,592,865) (8,321,778)
18,287,888 119,734 3,864,188 4,765,369 -	84,175,880 49,385 256,326 3,915,183 -	20,971,092 - 3,971,161 13,515,686 -	105,485,640 76,868 4,862,846 11,732,612 -	- - - - -	40,879 - - 34,999,969 -	- - - 1,610,423 -	5,804,631 - - 409,239 -	12,164,648 85,011 - 1,279,075 -	- - - (39,305,492) (13,515,686)	246,930,658 330,998 8,983,360 23,377,539 -	- - - 260,535 -	- - - (260,535) -	246,930,658 330,998 8,983,360 23,377,539 -
27,037,179	88,396,774	38,457,939	122,157,966	-	35,040,848	1,610,423	6,213,870	13,528,734	(52,821,178)	279,622,555	260,535	(260,535)	279,622,555
10,851,227 3,348,984 659,516 505,580 1,449,644 3,869,768 232,530 802,526 3,825,593 - - - 2,099,462	28,423,578 6,964,579 2,973,453 11,578,522 12,525,815 256,361 4,217,014 395,485 1,865,048 12,729,007 - - - 6,153,551	25,712,599 5,566,621 656,866 435,233 6,086,620 - - - - - - - -	40,416,973 14,131,854 3,133,192 14,172,242 14,464,484 4,870,943 5,917,693 760,358 2,531,984 17,708,247 - - - 4,932,167	- - - - - - - - - - - - -	13,319,071 4,011,934 79,915 897 15,929,304 - - 514,340 1,846,409 - - - 328,982	1,253,370 420,929 24,202 - 491,874 - - - - 62,500 - - 29,206	3,829,068 953,947 73,336 517,334 615,498 - - 190 26,030 200,000 - - -	8,687,065 2,207,408 175,891 672 2,382,072 - - 91,332 249,309 150,000 - - -	(112,124) 113,888 (721,983) (675,200) (3,234,726) - - - - (34,675,347) - - (13,515,686)	132,380,827 37,720,144 7,054,388 26,535,280 50,710,585 8,997,072 10,134,707 1,994,235 7,321,306 - - - -	176,490 51,486 60,181 - 1,185,124 - - - - - 192,500 - -	- - - - (260,535) - - - - - - - -	132,557,317 37,771,630 7,114,569 26,535,280 51,635,174 8,997,072 10,134,707 1,994,235 7,321,306 - 192,500 - -
27,644,830 (607,651)	88,082,413 314,361	38,457,939 -	123,040,137 (882,171)	- -	36,030,852 (990,004)	2,282,081 (671,658)	6,187,721 26,149	13,943,749 (415,015)	(52,821,178) -	282,848,544 (3,225,989)	1,665,781 (1,405,246)	(260,535) -	284,253,790 (4,631,235)
9,773 201,951 70,489 316,331 (106,553) -	35,276 167,816 315,190 265,803 (180,619) 7,638	- - - - - -	40,191 470,631 1,444,565 1,608,983 (82,934) 57,626	- - - - - -	- 39,848 90,000 143,218 (701,811) (528,308)	- - - - - -	15,214 (667) 10,908 14,431 (15,259) -	126,721 - - 7,751 -	- - - - -	227,175 879,579 1,931,152 2,356,517 (1,087,176) (424,183)	- - - - -	- - - - -	227,175 879,579 1,931,152 2,356,517 (1,087,176) (424,183)
491,991 (115,660) - - -	611,104 925,465 108,698 -	- - - -	3,539,062 2,656,891 33,354 -	- - - -	(957,053) (1,947,057) - -	- (671,658) - -	24,627 50,776 - -	173,333 (241,682) - -	- - - -	3,883,064 657,075 142,052 -	- (1,405,246) - -	- - - -	3,883,064 (748,171) 142,052 -
(115,660)	1,034,163	-	2,690,245	-	(1,947,057)	(671,658)	50,776	(241,682)	-	799,127	(1,405,246)	-	(606,119)

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Care New England
Combined Statement of Unrestricted Activities
For the Three Months Ending December 31, 2018
(Unaudited)

OBLIGATED GROUP													
Prior Year To Date Actual													
Butler	Kent	CNEMG	WIC	SHS ¹	CNE	Integra	KCVNA	TPC	Eliminations	Total Obligated Group	Memorial ²	Eliminations	Total Care New England
Revenues and gains													
Patient service revenue (net of contractuals)	19,482,265	81,194,779	21,822,223	102,386,786	17,921,162	44,348	5,407,407	11,515,793	-	259,774,763	899,582	-	260,674,345
Charity care	(600,786)	(587,830)	(208,660)	(1,224,780)	(357,346)	-	(10,106)	-	-	(2,989,508)	(51,615)	-	(3,041,123)
Provision for bad debts	(808,975)	(2,841,533)	(1,361,585)	(1,437,904)	(1,531,656)	(140,342)	(31,800)	-	-	(8,153,795)	(7,332)	-	(8,161,127)
NPSR less provision for bad debts	18,072,504	77,765,416	20,251,978	99,724,102	16,032,160	(95,994)	5,365,501	11,515,793	-	248,631,460	840,635	-	249,472,095
Net assets released from restrictions	109,903	49,250	-	-	28,486	-	63,592	57,056	-	308,287	12,338	-	320,625
Research revenue	3,179,899	-	-	4,194,832	1,139,283	-	-	-	-	8,514,014	126,422	-	8,640,436
Other revenue	4,832,573	3,403,024	2,451,975	10,787,805	1,286,518	35,313,651	443,269	131,919	(39,971,070)	20,068,735	133,226	(444,423)	19,757,538
CNEMG subsidy revenue	-	-	15,815,907	-	-	-	-	-	(15,815,907)	-	-	-	-
Total revenues and gains	26,194,879	81,217,690	38,519,860	114,706,739	18,486,447	35,217,657	506,861	5,497,420	12,961,920	(55,786,977)	277,522,496	1,112,621	278,190,694
Operating expenses													
Salaries and wages	10,643,819	24,762,978	25,877,811	38,611,597	7,610,889	13,796,380	887,966	3,295,157	9,123,731	(113,939)	134,496,389	947,889	135,444,278
Fringe benefits	3,277,659	6,691,838	4,916,176	14,537,028	2,519,522	3,894,193	307,344	843,915	2,180,545	114,181	39,282,401	325,231	39,607,340
Insurances	561,132	3,572,588	762,551	2,544,304	340,371	50,429	23,053	84,954	194,446	(705,436)	7,428,392	40,654	7,469,046
Medical supplies and drugs	493,343	10,641,587	504,274	12,472,623	1,794,894	1,232	479,371	539	(674,333)	25,713,530	105,097	(868)	25,817,759
Other expenses	1,302,744	10,002,336	6,459,048	12,629,491	2,765,666	13,922,420	449,970	329,176	2,461,356	(4,074,782)	46,247,425	349,539	46,582,349
Research expenses	3,237,148	-	-	4,261,391	1,140,559	-	-	-	-	-	8,639,098	122,877	8,761,975
Licensure fee	-	4,359,860	-	6,083,306	1,551,376	-	-	-	-	-	11,994,542	186,913	12,181,455
Interest	234,979	400,484	-	761,369	225,886	267,316	174	95,377	-	1,985,585	27,202	-	2,012,787
Depreciation and amortization	902,187	1,920,152	-	2,365,947	1,035,240	1,879,065	40,686	269,765	-	8,413,042	124,678	-	8,537,720
Loss on asset impairment - MHRI	-	-	-	-	-	-	-	-	-	-	22,419,809	-	22,419,809
Shared services	3,296,952	10,863,606	-	16,314,577	3,516,625	-	62,500	412,500	50,000	(34,516,760)	428,649	(428,649)	-
Restructuring costs	-	126,295	-	60,483	-	282,226	-	(35,783)	-	-	433,221	-	433,221
Restructuring costs - MHRI	-	-	-	1,554,719	-	-	-	-	-	-	1,554,719	1,024,550	2,579,269
Loss on refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on write-off of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-
CNEMG subsidy expense	1,745,413	5,076,911	-	5,458,924	2,932,565	90,286	161,641	(35,843)	-	(15,429,897)	386,010	(386,010)	-
Total operating expenses	25,695,376	78,418,635	38,519,860	116,101,040	26,988,312	34,183,547	1,892,474	5,414,307	14,375,759	(55,400,966)	286,188,344	26,489,098	311,847,008
Net income (loss) from operations	499,503	2,799,055	-	(1,394,301)	(8,501,865)	1,034,110	(1,385,613)	83,113	(1,413,839)	(386,011)	(8,665,848)	(25,376,477)	(33,656,314)
Nonoperating gains/(losses)													
Unrestricted gifts & bequests	12,427	11,676	-	40,395	61,961	-	-	23,937	126,721	-	277,117	4,885	282,002
Income on investments whose use is limited	241,512	196,171	-	623,161	115	38,941	-	(565)	-	-	1,099,335	34	1,099,369
Gains/(losses) on invest. whose use is limited	66,638	360,509	-	1,488,528	1,068	48,215	-	12,720	-	-	1,977,678	64	1,977,742
Transfer to Parent	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in net unrealized gains/losses	151,810	1,103,121	-	2,734,453	(45)	1,244	-	13,674	-	-	4,004,257	111	4,004,368
Other components of current period pension	(32,013)	(61,403)	-	(29,182)	(472,140)	(17,494)	-	(6,680)	-	-	(618,912)	(56,884)	(675,796)
Pension settlement	(1,062,061)	(4,504,411)	-	(2,227,243)	(19,143,467)	(1,359,681)	(1,248,413)	-	-	(29,545,276)	-	-	(29,545,276)
Other	-	-	-	-	(398,750)	-	-	-	(38,861)	-	(437,611)	-	(437,611)
Net nonoperating gains/(losses)	(621,687)	(2,894,337)	-	2,630,112	(19,552,508)	(1,687,525)	-	(1,205,327)	87,860	-	(23,243,412)	(51,790)	(23,295,202)
Excess/(deficiency) of rev. over exp.	(122,184)	(95,282)	-	1,235,811	(28,054,373)	(653,415)	(1,385,613)	(1,122,214)	(1,325,979)	(386,011)	(31,909,260)	(25,428,267)	(56,951,516)
Other changes in unrestricted net assets													
Pension and post retirement adjustments	42,441	5,183,847	-	2,593,774	12,190,925	1,590,710	-	1,744,550	-	-	23,346,247	-	23,346,247
Net assets released from restrictions	-	107,936	-	3,100	-	-	-	-	-	-	111,036	-	111,036
Transfer from temporarily restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(0)	(0)	-	(0)
Inc./((decr.) in unrestricted net assets	(79,743)	5,196,501	-	3,832,685	(15,863,448)	937,295	(1,385,613)	622,336	(1,325,979)	(386,011)	(8,451,977)	(25,428,267)	(33,494,233)

¹ - includes Southeastern Healthcare System, Inc. and affiliates from 10.1.17 through 12.21.17; and Southeastern Health Care System Inc., Blackstone Health, Inc., and Primary Care Centers of New England, Inc. beginning 12.22.17

² - includes The Memorial Hospital and affiliates beginning 12.22.17

Care New England
Combined Statement of Unrestricted Activities
For the Three Months Ending December 31, 2018
(Unaudited)

OBLIGATED GROUP													
Variance Actual Vs Budget													
Butler	Kent	CNEMG	WIC	SHS'	CNE	Integra	KCVNA	TPC	Eliminations'	Total Obligated Group	MemoriaP	Eliminations'	Total Care New England
83,892 (621,060) 442,241	1,540,936 465,415 130,650	(825,439) (20,769) 556,602	2,799,924 93,764 (243,425)	-	(5,183)	-	74,651 5,839 26,565	(427,559)	-	3,241,222 (76,811) 914,633	74,515 (30) 19,211	-	3,315,737 (76,841) 933,844
(94,927) 1,338 (327,007) (46,823) -	2,137,001 22,895 65,158 896,353 -	(289,606) - - (300,885) (396,416)	2,650,263 (44,827) 6,546 55,664 -	-	(5,183)	-	109,055 - 18,050 (5,782) -	(427,559) 69,347 - 24,771 -	-	4,079,044 48,753 (237,253) (2,276,632) (13,842)	93,696 - 727,024 59,568 -	-	4,172,740 48,753 489,771 (1,701,394) -
(467,419)	3,121,407	(986,907)	2,667,646	-	(1,433,773)	(316,563)	103,273	(333,441)	(754,153)	1,600,070	880,288	529,512	3,009,870
427,080 113,699 (167,614) (66,863) (341,892) (309,317) -	703,771 562,782 1,199,281 29,697 123,958 43,308 (4,799) 20,702 (296,515) -	(500,499) (54,147) 44,440 (32,524) (444,177) -	560,138 1,584,418 (1,105,432) 803,768 (68,721) (419,816) (19,108) 57,944 (793,028) -	-	27,966 (214,671) (23,962) (728) (1,955,195) -	(222,313) (43,405) (330) (6,398) (316,096) 18,050 (9,454) (71,187) -	(84,998) 75,276 (330) (6,398) (80,891) -	(171,069) (102,829) (8,498) (506) (238,257) -	112,124 24,498 (305,788) 23,269 (2,462,076) -	852,200 1,945,621 (366,076) 749,715 (5,783,347) (667,775) (43,451) 106,795 -	(27,359) (3,274) (97,035) 3,701 (618,866) 733,535 817 75,676 -	-	824,841 1,942,347 (269,041) 753,416 (5,886,543) 65,760 -
(4,799) 20,702 (296,515) -	(5,093) 95,851 (381,702) (37,436) -	-	(19,108) 57,944 (793,028) -	-	(9,454) (71,187) 31,553 -	-	(22) 2,540 -	(4,975) 945 -	-	(43,451) 106,795 -	817 75,676 -	-	(42,634) 182,471 -
3,999	221,342	-	(710,815)	-	94,950	5,528	2,421	-	382,575	(0)	(13,842)	13,842	(0)
(621,520)	2,555,759	(986,907)	(110,652)	-	(2,120,728)	(556,409)	(92,402)	(525,189)	(754,153)	(3,212,201)	340,291	529,512	(2,342,398)
154,101	565,648	-	2,778,298	-	686,955	239,846	195,675	191,748	0	4,812,271	539,997	-	5,352,268
(5,129) (6,014) 39,322 (1,344,676) 470	(14,495) 64,310 (15,013) (5,054,955) 20,300	-	(6,006) 199,363 (94,865) (15,899,416) 29,275	-	- 41,621 (40,944) (117,398) 83,344	-	(5,184) 4,380 996 (100,072) -	15,206 -	-	(15,608) 303,660 (110,504) (22,524,268) 53,848	(275,921)	-	(291,529) 303,660 (110,504) (22,524,268) 53,848
(1,316,027)	(4,999,853)	-	(15,771,649)	-	(33,377)	-	(99,880)	(72,086)	-	(22,292,872)	(275,921)	-	(22,568,793)
(1,161,926)	(4,434,205)	-	(12,993,351)	-	653,578	239,846	95,795	119,662	0	(17,480,601)	264,076	-	(17,216,525)
12,996	34,022	-	(18,304)	-	-	-	-	40,540	-	69,254	-	-	69,254
(1,148,930)	(4,400,183)	-	(13,011,655)	-	653,578	239,846	95,795	160,202	0	(17,411,347)	264,076	-	(17,147,271)

¹ - includes Southeastern Health Care System Inc. and Primary Care Centers of New England, Inc.

² - includes The Memorial Hospital and affiliates

Care New England
Combined Statement of Unrestricted Activities
For the Three Months Ending December 31, 2018
(Unaudited)

OBLIGATED GROUP													
Variance Current Actual Vs Prior Actual													
Butler	Kent	CNEMG	WIC	SHS'	CNE	Integra	KCVNA	TPC	Eliminations'	Total Obligated Group	Memorial²	Eli-minations²	Total Care New England
(364,022)	9,678,090	(54,362)	9,246,991	(17,921,162)	(8,652)	-	513,581	221,296	-	1,311,760	(825,067)	-	486,693
(513,962)	166,265	63,915	236,162	357,346	-	-	10,106	-	-	319,832	51,585	-	371,417
998,441	(1,296,890)	419,955	(1,071,352)	1,531,656	140,342	-	24,498	-	-	746,650	26,543	-	773,193
120,457	8,547,465	429,508	8,411,801	(16,032,160)	131,690	-	548,185	221,296	-	2,378,242	(746,939)	-	1,631,303
11,169	23,030	-	32,041	(28,486)	-	(63,592)	-	97,302	-	71,464	(12,338)	-	59,126
357,282	321,484	-	674,560	(1,139,283)	-	18,050	-	-	-	232,093	600,602	-	832,695
(114,027)	1,408,512	1,218,301	1,000,471	(1,286,518)	(1,742,272)	832,541	271,538	(85,225)	(471,149)	1,032,172	186,877	699,558	1,918,607
-	-	(2,696,637)	-	-	-	-	-	-	2,682,795	(13,842)	-	13,842	-
374,881	10,300,491	(1,048,828)	10,118,873	(18,486,447)	(1,610,582)	786,999	819,723	233,373	2,211,646	3,700,129	28,202	713,400	4,441,731
634,488	4,364,371	(665,711)	2,365,514	(7,610,889)	(449,343)	143,091	448,913	(607,735)	113,939	(1,263,362)	(798,758)	-	(2,062,120)
185,024	835,523	596,298	1,179,244	(2,519,522)	(96,930)	70,180	185,308	(75,966)	24,205	383,364	(277,019)	292	106,637
(69,230)	600,146	(61,245)	(516,544)	(340,371)	5,524	2,976	(11,948)	(27,053)	(322,335)	(740,080)	116,562	-	(623,518)
(54,626)	966,632	(101,565)	2,503,387	(1,794,894)	(1,063)	-	31,565	(373)	22,402	1,571,465	(101,396)	868	1,470,937
(194,992)	2,647,437	(816,605)	1,766,272	(2,765,666)	51,689	(274,192)	205,431	(317,541)	(1,622,020)	(1,320,187)	216,719	269,750	(833,718)
323,303	299,669	-	189,736	(1,140,559)	-	18,050	-	-	-	(309,801)	610,658	-	300,857
-	(142,846)	-	(165,613)	(1,551,376)	-	-	-	-	-	(1,859,835)	(186,913)	-	(2,046,748)
(7,248)	(10,092)	-	(20,119)	(225,886)	237,570	-	(6)	(9,020)	-	(34,801)	(26,385)	-	(61,186)
(78,959)	40,747	-	223,981	(1,035,240)	(103,843)	-	(12,116)	(19,511)	-	(984,941)	(49,002)	-	(1,033,943)
-	-	-	-	-	-	-	-	-	-	-	(22,419,809)	-	(22,419,809)
232,126	1,483,699	-	600,642	(3,516,625)	-	-	(212,500)	100,000	1,312,658	-	(428,649)	428,649	-
-	(163,731)	-	(60,483)	-	(250,673)	-	35,783	-	-	(439,104)	-	-	(439,104)
-	-	-	-	(1,554,719)	-	-	-	-	-	(1,554,719)	(739,182)	-	(2,293,901)
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
358,048	1,297,982	-	(1,237,572)	(2,932,565)	333,646	(126,907)	10,582	-	2,296,786	(0)	(399,852)	399,852	(0)
1,327,934	12,219,537	(1,048,828)	6,828,445	(26,988,312)	(273,423)	(166,802)	681,012	(957,199)	1,825,635	(6,552,001)	(24,483,026)	1,099,411	(29,935,616)
(953,053)	(1,919,046)	-	3,290,428	8,501,865	(1,337,159)	953,801	138,711	1,190,572	386,011	10,252,130	24,511,228	(386,011)	34,377,347
(7,783)	9,105	-	(6,210)	(61,961)	-	-	(13,907)	15,206	-	(65,550)	(280,806)	-	(346,356)
(45,575)	35,955	-	46,833	(115)	42,528	-	4,278	-	-	83,904	(34)	-	83,870
43,173	(60,332)	-	(138,828)	(1,068)	841	-	(816)	-	-	(157,030)	(64)	-	(157,094)
-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1,180,155)	(5,892,273)	-	(17,024,886)	45	24,576	-	(99,315)	-	-	(24,172,008)	(111)	-	(24,172,119)
(74,540)	(119,216)	-	(53,752)	472,140	(684,317)	-	(8,579)	-	-	(468,264)	56,884	-	(411,380)
1,062,061	4,504,411	-	2,227,243	19,143,467	1,359,681	-	1,248,413	-	-	29,545,276	-	-	29,545,276
470	27,938	-	86,901	-	(46,214)	-	-	(1,819)	-	67,276	-	-	67,276
(202,349)	(1,494,412)	-	(14,862,699)	19,552,508	697,095	-	1,130,074	13,387	-	4,833,604	(224,131)	-	4,609,473
(1,155,402)	(3,413,458)	-	(11,572,271)	28,054,373	(640,064)	953,801	1,268,785	1,203,959	386,011	15,085,734	24,287,097	(386,011)	38,986,820
(42,441)	(5,183,847)	-	(2,593,774)	(12,190,925)	(1,590,710)	-	(1,744,550)	-	-	(23,346,247)	-	-	(23,346,247)
12,996	34,784	-	11,950	-	-	-	-	40,540	-	100,270	-	-	100,270
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	0	0	-	-	0
(1,184,847)	(8,562,521)	-	(14,154,095)	15,863,448	(2,230,774)	953,801	(475,765)	1,244,499	386,011	(8,160,243)	24,287,097	(386,011)	15,740,843

¹ - includes Southeastern Healthcare System, Inc. and affiliates from 10.1.17 through 12.21.17; and Southeastern Health Care System Inc., Blackstone Health, Inc., and Primary Care Centers of New England, Inc. beginning 12.22.17

² - includes The Memorial Hospital and affiliates beginning 12.22.17

Care New England
Combined Statement of Operating Activities
For the Three Months Ending December 31, 2018
(Unaudited)

	Consolidated YTD Actual	Less: WIH & TG Indemnity	All Other Operating Activity
Unrestricted revenues and gains:			
Net patient service revenue less provision for bad debts	\$251,103,398		\$251,103,398
Net assets released from restrictions	379,751		379,751
Research revenue	9,473,131		9,473,131
Other revenue	21,676,145	5,873,932	15,802,213
Total revenues and gains	\$282,632,425	\$5,873,932	\$276,758,493
Operating expenses:			
Salaries and wages	133,382,158	-	133,382,158
Fringe benefits	39,713,977	-	39,713,977
Insurances	6,845,528	4,951,115	1,894,413
Medical supplies and drugs	27,288,696	-	27,288,696
Other expenses	45,748,631	645,278	45,103,353
Research expenses	9,062,832		9,062,832
Licensure fee	10,134,707		10,134,707
Interest	1,951,601		1,951,601
Depreciation and amortization	7,503,777		7,503,777
Loss on asset impairment - Memorial Hospital	-		-
Restructuring costs	(5,883)		(5,883)
Restructuring costs - Memorial Hospital	285,368		285,368
Total operating expenses	\$281,911,392	\$5,596,393	\$276,314,999
Net Income (loss) from operations	\$721,033	\$277,539	\$443,494
Year-to-date budget	(\$4,631,235)	\$183,777	(\$4,815,012)
Fav (Unfav) to budget	\$5,352,268	\$93,762	\$5,258,506

Care New England Health System

Key Budget Assumptions – FY2019 – Q1

1. Patient Volumes

Comment: The FY2019 CNE budget is predicated on the current economic and political environment that is driving a transition from a traditional fee-for-service reimbursement system that incents volume to one that rewards providers for efficiency and quality outcomes. Maintaining and/or growing volume in areas with positive contribution margins remains an absolutely critical aspect to the financial strength of CNE during this period of change.

Budget Impact: To the extent that actual patient volume varies from the budgeted levels, significant variances to budget are likely to result. The Care New England Financial Highlights dashboard (see Tab 1) identifies key indicators for inpatient volume (surgical/medical, OB, NICU and Psych admissions, operating room cases and deliveries) and outpatient volume (ambulatory surgery, ER encounters, diagnostic imaging, observation cases, TPC residential days and home health/hospice).

1st Quarter Update: Inpatient volume for the System through the first quarter was overall unfavorable to budget by 170 discharges or 1.6% and behind prior year-to-date volume by 139 or 1.3%. Negative variances were experienced in all patient categories but were greatest in Obstetrics which ended the quarter 55 discharges or 2.2% behind budget and 182 or 7.1% below the same prior year period. Both Kent and Women & Infants Hospital (W&I) experienced a shortfall in Obstetrics volume. Newborn Nursery discharges similarly ended the quarter below budget by 72 or 3.3% and 106 of 4.8% below prior year. NICU volume at Women & Infants was 6 discharges or 2.1% below budget for the three months ended December 2018 and by 17 discharges or 5.8% below the same prior year period. The Special Care Nursery at Kent ended the first quarter above both budget and prior year by 4 discharges, or 26.7%. Year-to-date Medical/Surgical discharges were below budget by 10 or 0.3% but 205 discharges or 6.8% above the same prior year period, attributable largely to strong volume at Kent, indicating continued success with initiatives to improve volume. Psychiatry discharges were below budget by 24 or 1.4% and behind prior year by 42 or 2.4%. Rehab discharges were slightly below both budget and prior year by 2 or 1.9%. Overall, patient day volume fell short of budget by 0.6%. Medical/Surgical days are above budget by 454 or 3.6% and average length of stay for the three months ended December 2018 was 4.1 days which is the same as prior year but above budget by 0.2 days. Psych days, inclusive of the Kent Unit at Butler, were below budget by 240 or 1.7% and below prior year days by 388 or 2.7%. Average length of stay for inpatient psychiatric services was 6.7 days for the quarter ended December 31, 2018, on budget and below prior year length of stay in the same period of 6.8 days. NICU average daily census (ADC) ended the quarter at 65.4, just slightly below budget, but 1.9 days or 2.8% below the same period in FY2018. Through December, NICU average length of stay is 21.7 days, above budget by 0.4 or 1.8% and above prior year by 0.7 day or 3.2%. Approximately half of all NICU reimbursement is based on per diem contracts. Inpatient surgical procedures are 45 cases, or 2.9% below budget through December and 37 cases, or 2.4% below the same prior year period.

Outpatient performance to budget was mixed through December. Unfavorable budget variances occurred in emergency room visits, partial hospital days, endoscopy, blood bank, diagnostic imaging, ultrasound, mammography, breast health center, EKG testing, EEG, echocardiology, speech therapy, wound care, hyperbaric procedures, infusion therapy, the women's primary care clinic, and psychiatric patient assessments. Favorable variances were experienced in observation cases, outpatient surgery, laboratory tests, MRI, CT scan, special procedures, nuclear medicine, cardiac catheterization, vascular lab tests, physical and occupational therapy, sleep studies, IVF, and ECT.

See also Tab 10 – Patient Statistics.

Action plan initiatives developed and implemented in FY2018 and FY2019 target volume improvements at all operating units, particularly Kent Hospital. Through the first quarter of FY2019, Kent realized continued improvement in cardiology and surgical volume as well as in key ancillary services. See item 4 below Financial Improvement Action Plan, for more detail.

Year-to-date December 2018 case mix has increased from FY2018 levels at Women & Infants Hospital from 0.96 to 1.0, indicative of a relatively greater number of higher intensity cases of a percentage of total discharges. Case mix at Kent Hospital remained level at 1.39.

Payer mix continues to shift from traditional Medicare fee-for-service business to managed care products such as NHP's dual-eligible Integrity plan. Changes in payer mix are closely monitored for its impact on net revenue.

2. Care Retention

Comment: Competition for patient referrals is considerable both within the State and from out-of-State providers. Physicians and patients choose where they go for health care services based on ease of access, quality of care, access to information and price.

Budget Impact: Among the many opportunities and challenges included in the FY2019 budget, particular emphasis continues to be placed on initiatives to increase patient referral rates from employed physicians and to capture and retain ACO physician referrals. A variety of initiatives are underway to support system retention of referrals and to attract new referrals from community physicians, primarily RIPCPC.

1st Quarter Update: The tables below demonstrate continued improvement in care retention in the first quarter of FY2019 as compared to quarterly trends in FY2018.

Referral Rates: CNEMG Providers to CNEMG Providers					
Retention Category	FY2018 Q1	FY2018 Q2	FY2018 Q3	FY2018 Q4	FY2019 Q1
Overall Retention (CNEMG & Integra) ⁽¹⁾	69%	73%	79%	80%	78%
CNEMG Retention ⁽²⁾	55%	56%	63%	64%	61%
Integra Other Providers Retention ⁽³⁾	14%	17%	16%	16%	17%
Out of Network ⁽⁴⁾	19%	21%	19%	18%	20%
Unknown	12%	6%	2%	2%	2%

Referral Rates: RIPCPC Providers to CNEMG Providers					
Retention Category	FY2018 Q1	FY2018 Q2	FY2018 Q3	FY2018 Q4	FY2019 Q1
Overall Retention (CNEMG & Integra)	40%	57%	66%	65%	65%
CNEMG Retention	14%	20%	22%	22%	23%
Integra Other Providers Retention	26%	37%	44%	43%	42%
Out of Network	21%	29%	31%	29%	29%
Unknown	39%	14%	3%	6%	6%

⁽¹⁾ Overall Retention (CNEMG & Integra): Referral made to either a CNEMG provider or a provider who is a participant in Integra.

⁽²⁾ CNEMG Retention: Referral was made to a CNEMG provider

⁽³⁾ Integra Other Provider: Referral was made to an Integra provider who is not employed by CNEMG.

⁽⁴⁾ Out of Network: Referral was made to a provider who is not part of the CNEMG or Integra network.

Other key updates include:

Specialty Retention: Retention is routinely reviewed for all service lines provided at CNE. Four specific specialties - cardiology, orthopedics, surgery and oncology- have been the focus of Action Plans and in all four, retention to CNEMG providers has increased consistently in each quarter since the Q4 2017 baseline. FY2019 Action Plans target further improvement in cardiology, orthopedics and surgery and as such are tracked on a weekly basis. An overview of retention performance in these service lines is provided in the table below. The financial benefit of these results in Q1 of FY2019 was \$0.9 million, which compares favorably to the Action Plan target of \$0.8m (see also item 3 below, Financial Improvement Action Plans).

Specialty	Baseline (FY17 Q4)	FY18 Rate	FY2019 Goal	FY19 Q1
Cardiology	32%	35%	43%	53%
Orthopedics	42%	42%	49%	57%
Surgery	58%	60%	63%	74%
Oncology	51%	63%	NA	66%

New Initiatives: In October, new care retention initiative was initiated to provide for a customer service program at Kent Hospital. Customer service liaisons meet with Integra patients in the Emergency Department or who are admitted to provide education about the ACO and to schedule follow up appointments (where appropriate) with CNEMG providers prior to patient discharge. Liaisons also work with patients who do not have primary care providers to schedule new patient appointments with CNEMG providers. Since November, this program has yielded 120 new primary care provider appointments and 25 specialty provider appointments.

The Care Retention Committee will continue to meet and evaluate strategies and tactics to improve care retention in FY 2019. The Integra Board of Directors continues to make care retention its number one priority.

3. Financial Improvement Action Plans

Comment: Following several months of below average financial performance in the first half of FY2017, CNE began work to develop and implement action plans to reverse those trends. These plans targeted opportunities for volume growth, care retention, revenue cycle and supply chain improvement, and labor productivity. Targeted savings from these plans was \$36.7 million in FY2018 with an annualized benefit of \$42.5 million by the end of FY2019. CNE realized \$38.9 million benefit in FY2018, exceeding target. Run rate savings from all implemented plans is incorporated in the FY2019 budget. For FY2019, additional Action Plans have been developed to augment those implemented in FY2018. These new plans are expected to yield \$20.9 million of financial benefit in FY2019 with an annualized benefit of \$23.7 million. The FY2019 financial benefit is incorporated in the operating budget. Progress to target is tracked weekly at each operating unit and monthly updates are included in the finance dashboard.

Budget Impact: To the extent that efforts to improve financial performance are unsuccessful in achieving the targeted benefits within established timeframes, significant unfavorable budget variance could occur.

1st Quarter Update: Through December 2018, performance has exceeded target in all areas except Programs & Services. Plans in this category reflect the addition of new providers, development of new programs or

expansion of existing programs. Delays in recruitment or slower than expected program ramp up contribute to the year-to-date shortfall in performance.

The table below illustrates performance to date on all action plans:

Initiative Category	Benefit		Year-to-Date Performance		
	FY19 Budget	Annualized	Forecast	Actual	Variance
Programs & Services	\$ 6,747,326	\$ 8,158,263	\$ 1,518,952	\$ 1,210,958	\$ (307,994)
Care Retention	\$ 4,113,172	\$ 5,367,437	\$ 856,199	\$ 937,342	\$ 81,143
Labor	\$ 3,237,966	\$ 3,404,638	\$ 347,329	\$ 359,570	\$ 12,241
Supply Chain	\$ 2,899,999	\$ 2,899,999	\$ 282,050	\$ 379,873	\$ 97,823
Revenue Cycle ⁽¹⁾	\$ 3,900,000	\$ 3,900,000	\$ 975,000	\$ 996,903	\$ 21,903
Subtotal	\$20,898,463	\$23,730,338	\$ 3,979,530	\$ 3,884,646	(\$94,884)
Execution Risk	\$0	\$0	(\$893,087)	-	\$ 893,087
Total excluding Execution Risk	\$20,898,463	\$23,730,338	\$ 3,086,443	\$ 3,884,646	\$ 798,203

4. Population Health Management:

Comment: In response to economic and political challenges to improve efficiency, quality outcomes and the overall management of covered lives across the care continuum, CNE established an accountable care organization - Integra Community Care Network - which received Medicare certification effective January 1, 2015. In each of the two years 2016 and 2017, Integra realized more than \$13 million in total savings, of which Integra earns approximately half as shared savings with payers. Integra is currently responsible for managing the care of over 120,000 covered lives under five payer arrangements –CMS Next Generation ACO (Next Gen), Blue Cross Medicare Advantage (MA), Medicaid Accountable Entity (AE) Pilots with United Healthcare and Neighborhood Health Plan, and Blue Cross Commercial.

Budget Impact: Integra has several revenue sources to provide financial support for organizational infrastructure, including support from payers, grant funding and contributions from hospital participants. Integra infrastructure is comprised of a full time Executive Director and Medical Director and staff of nearly 50 FTEs, primarily in the areas of care management and data analytics, as is required to successfully manage risk arrangements. Investment has also been made to further enhance care management design and implementation, and standardization of quality and process improvement models. The FY2019 budget also includes an expected \$5.9 million in shared savings between its Blue Cross and NextGen contracts based on performance in 2018.

1st Quarter Update: For the contract year 2017, Integra's contract performance is positive on all products. Medicare Advantage reflects a surplus of \$45.64 pmpm or \$2.9 million in eligible surplus after application of a surplus cap and risk share. Next Generation Medicare ACO shows total shared savings of \$3.10 pmpm, of which Integra is eligible for 80%, or \$3.35 million. The CMS CHR Bundle program achieved positive Net Payment Reconciliation Amounts for the period January 2016 – December 2017 of \$312,000.

For the contract year 2018, Integra's performance is mixed. Based on paid claims through October 2018, Medicare Advantage reflects a surplus of \$45.74 pmpm. Performance in the BCBSRI commercial product is slightly negative by \$0.52 pmpm, attributable to variances in outpatient and pharmacy

expenditures of 5.5% and 2.4%, respectively. For the Medicaid Accountable Entity (AE), Integra received an initial 15% or \$0.7m distribution of infrastructure funding upon execution of contracts with managed care organizations (MCOs) in October 2018. In total for In FY2019, Integra is due to receive a \$4.6m in funding to build capacity for the program year ending June 30, 2019. These additional funds will be paid upon meeting certain milestones and targets within that plan. Integra's plan is designed to address the certification conditions set by the state and to meet the overall priorities and goals of the AE initiative. Major components of Integra's plan include Complex Care Management, Integrated Behavioral Healthcare, Social Determinants of Health, Member/Community Engagement and a Pediatric Strategy.

Other key updates include:

Accountable Health Communities (AHC)

Thus far, Integra/CNE has implemented the AHC model at several clinical delivery sites: Kent ED, Butler Patient Assessment Services, Women & Infants Obstetrics & Gynecology Care Center (OGCC), South County ED and Labor & Delivery, Comprehensive Community Action Plan (CCAP), and two of the Providence Center's Integrated Health Home Teams (IHH). Additionally, as part of an aggressive plan to expand we have also implemented the AHC model at the Family Care Center (FCC) and, as of January 28, began implementation at the Internal Medicine Center (IMC). Between the submission date of this program performance report and the end of year two, we will have also expanded the model to The Providence Center's Behavioral Outpatient Program (BHOP), the Butler Hospital Partial Hospital and Hospital-Based Outpatient Services, Kent Labor & Delivery, and upon CMS approval the Women & Infants Inpatient Services and post-ED screening at Kent, Butler, and South County Hospitals. We are also working on ways to expand within TPC's IHH teams. All total, this comprises screening at no fewer than 16 programs at nine clinical delivery organizations.

5. Memorial Hospital:

By order of the RI Department of Health, Memorial Hospital ceased inpatient admissions, surgical services and emergency visits by ambulance effective December 1, 2017 and emergency services effective January 1, 2018. Memorial was withdrawn from the Obligated Group on December 22, 2017. Per the conditions of closure, certain ambulatory services are provided on the Memorial campus in Pawtucket, provided under the license of either Kent Hospital or Women & Infants Hospital. Certain costs of maintaining the physical plant will continue to be incurred until the property can be divested.

Budget Impact: CNE does not expect to divest the Memorial Hospital property in the current year. The FY2019 operating budget for Memorial assumes a \$5.5 million loss which will be outside of the Obligated Group. This budget includes rental income from Kent and Women and Infants Hospitals for the use of space for the provision of ambulatory services in Pawtucket. Budgeted expenses include approximately \$250,000 per month for maintaining and insuring the physical plant and satisfaction of the RI DOH mandated conditions of closure. The budget also includes \$3.3 million for demolition of selected portions of the campus.

1st Quarter Update: Through December 31, 2018, Memorial had a loss from operations of \$865,249 which was \$539,997 favorable to budget. \$285,368 of the loss is due to restructuring costs incurred as a result of the hospital's closure.

Care New England, Consolidated (excludes VNA & TPC)

**Metrics
Fiscal 2019**

	Dec-2018 YTD Actual				Dec-2018 YTD Budget				Dec-2018 YTD Variance			
	Butler	Kent	WIH	Consolidated	Butler	Kent	WIH	Consolidated	Butler	Kent	WIH	Consolidated
<u>Adjusted Discharge Metrics:</u>												
Cost per Adjusted Discharge	\$ 8,928	\$ 11,279	\$ 19,104	\$ 13,160	\$ 8,772	\$ 10,669	\$ 18,701	\$ 12,753	-1.8%	-5.7%	-2.2%	-3.2%
Paid Hours per Adjusted Discharge	136.94	119.81	165.80	132.31	126.82	114.79	166.66	129.09	-8.0%	-4.4%	0.5%	-2.5%
Worked Hours per Adjusted Discharge	121.31	106.21	141.78	115.41	111.66	103.50	142.65	113.28	-8.6%	-2.6%	0.6%	-1.9%
<u>Adjusted Day Metrics:</u>												
Cost per Adjusted Day	\$ 1,332	\$ 2,569	\$ 3,924	\$ 2,553	\$ 1,305	\$ 2,551	\$ 3,794	\$ 2,501	-2.1%	-0.7%	-3.4%	-2.1%
Paid Hours per Adjusted Day	20.43	27.29	34.06	25.67	18.86	27.45	33.81	25.31	-8.3%	0.6%	-0.7%	-1.4%
Worked Hours per Adjusted Day	18.10	24.19	29.12	22.39	16.61	24.75	28.94	22.21	-9.0%	2.3%	-0.6%	-0.8%
<u>FTE Metrics:</u>												
FTEs per Adjusted Occupied Bed	3.58	4.78	5.96	4.49	3.30	4.80	5.92	4.43	-8.3%	0.6%	-0.7%	-1.4%
Salary per FTE	\$ 66,939	\$ 72,027	\$ 85,247	\$ 77,198	\$ 67,769	\$ 70,557	\$ 83,274	\$ 76,040	1.2%	-2.1%	-2.4%	-1.5%
Salary and Fringe per FTE	\$ 87,491	\$ 90,640	\$ 117,949	\$ 102,520	\$ 88,684	\$ 87,845	\$ 112,392	\$ 99,353	1.3%	-3.2%	-4.9%	-3.2%

Care New England Health System
Financial Performance – Integra Shared Savings and At-Risk Arrangements
First Quarter, Fiscal Year 2019

Integra Contract Update

Medicaid AE

As a Certified Accountable Entity (AE), Integra is eligible for Infrastructure Investment Funds based on our attributed population. Integra is due to receive \$4.6m in funding to build capacity in the current program year which ends June 30, 2019. An initial 15%, or \$.7m, distribution was made to Integra upon executing the contracts. Additional funds will be paid upon meeting certain milestones such as submitting a Health System Transformation Project plan, which needs to be developed in coordination with both MCOs, and hitting targets within that plan. Integra's plan is designed to address the certification conditions set by the state and to meet the overall priorities and goals of the AE initiative. At this point, the major components of Integra's plan are: Complex Care Management, Integrated Behavioral Healthcare, Social Determinants of Health, Member/Community Engagement, and a Pediatric Strategy.

Integra Financial Performance

BCBSRI

Final performance under the Medicare Advantage contract for 2017 reflects a surplus of \$45.64 pmpm (before risk share). There is a surplus cap of \$17.07 pmpm (10% of total risk revenues) in place for this 2017 contract year leaving \$2.9M in eligible surplus. 2017 performance on the commercial product reflects a surplus of \$3.44 pmpm (before risk share). After applying the risk share and quality composite score Integra has tentatively earned \$1.70 pmpm or \$1.1M in surplus.

For the 2018 contract year, Medicare Advantage is showing a surplus of \$45.74 pmpm (before risk share). Inpatient expenditures are down 9.5% compared to prior year. Of note, the contract year 2018 surplus cap is \$16.28 pmpm for Medicare Advantage. Commercial is showing a deficit of \$.52 pmpm, as outpatient and pharmacy expenditures are up by 5.5% and 2.3%, respectively, compared to prior year. The contract year 2018 results above reflect Integra's performance through September (with claims paid through October) and may change upon final settlement.

Next Generation Medicare ACO

The final reconciliation file for contract year 2017 performance shows net shared savings of \$19.33 pmpm or \$3.35M after applying the 80% sharing rate.

For the 2018 contract year, Integra is estimating a surplus of \$4.39 pmpm based on claims paid through September. Expenditures have been on an upward trend recently after excellent performance in Q1.

Care New England Revenue Cycle Quarterly Report

Issued January 16, 2019 for Services through December 31, 2018

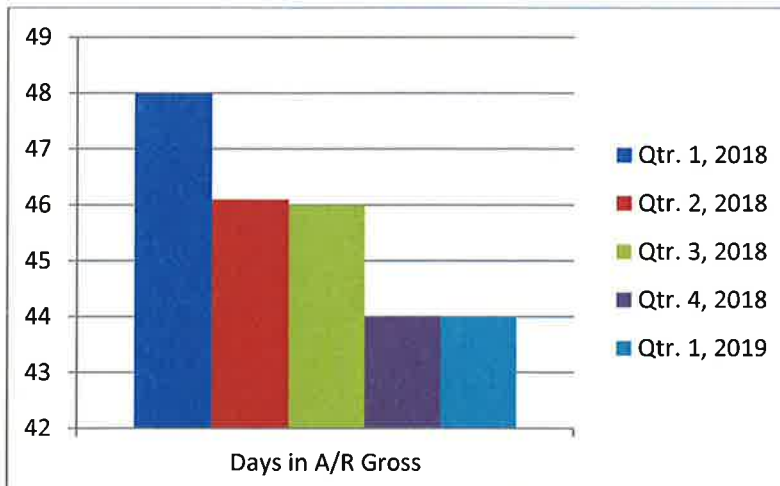
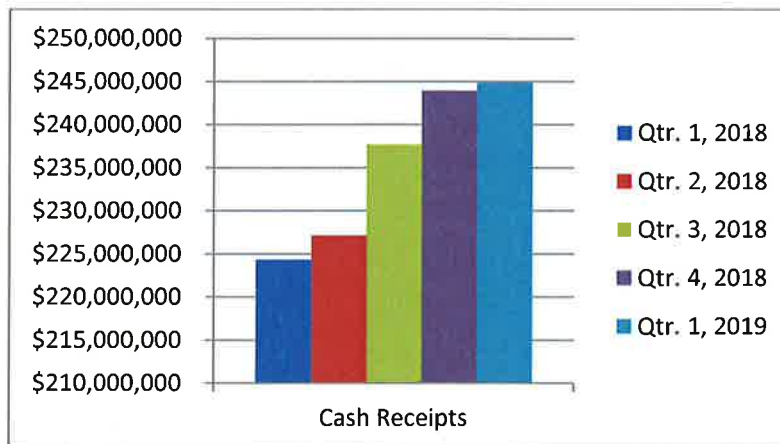
The Care New England Consolidated Revenue Cycle includes the following business units:

Hospitals [Butler, Kent, Women & Infants]
VNA of Care New England

CNE Medical Group [CNEMG]
The Providence Center

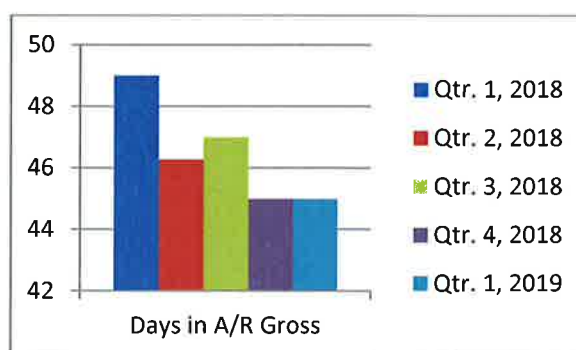
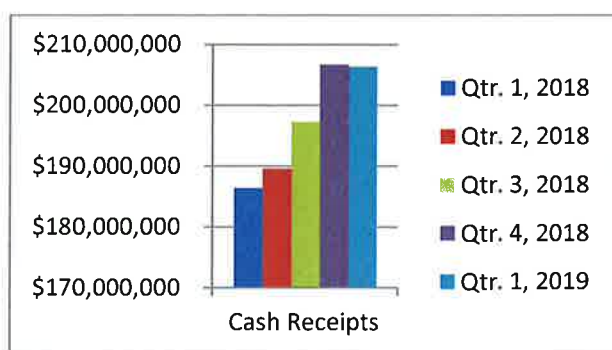
The system's Revenue Cycle cash performance improved as compared to the prior quarter. Although there is a \$13.2M decrease in gross charges, cash was still higher by \$1M. The total Accounts Receivable Days remained consistent at 44 days. This is 4 days lower than this time FY18. A/R aging increased 1% from last quarter and decreased 3% compared to Q1 FY18.

CNE Consolidated Revenue Cycle					
	Qtr. 1, 2018	Qtr. 2, 2018	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019
Gross Charges	\$ 574,952,067	\$ 592,657,994	\$ 609,882,898	\$ 624,410,233	\$ 611,226,463
Cash Receipts	\$ 224,364,407	\$ 227,166,925	\$ 237,702,282	\$ 243,946,573	\$ 244,880,685
Contractual Adjustments	\$ 340,826,173	\$ 342,263,282	\$ 347,791,822	\$ 360,121,708	\$ 359,503,446
Write-Offs	\$ 11,349,026	\$ 15,810,427	\$ 12,825,548	\$ 14,477,901	\$ 7,978,362
Days in A/R Gross	48	46	46	44	44
Total A/R Balances	\$ 301,407,141	\$ 302,865,015	\$ 308,552,993	\$ 307,365,371	\$ 298,316,191
A/R % over 180 Days	15%	14%	14%	11%	12%



All Hospital Combined Revenue Cycle: [Butler, Kent, Women & Infants]

All Hospital Combined Revenue Cycle Summary					
	Qtr. 1, 2018	Qtr. 2, 2018	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019
Gross Charges	\$ 502,673,248	\$ 514,630,431	\$ 534,247,204	\$ 549,451,290	\$ 537,655,629
Cash Receipts	\$ 186,448,802	\$ 189,600,524	\$ 197,307,064	\$ 206,702,435	\$ 206,398,795
Contractual Adjustments	\$ 305,968,023	\$ 307,050,737	\$ 311,125,617	\$ 326,235,777	\$ 322,595,857
Write-Offs	\$ 9,686,195	\$ 14,087,997	\$ 11,609,196	\$ 12,475,423	\$ 6,687,322
Days in A/R Gross	49	46	47	45	45
Total A/R Balances	\$ 267,067,506	\$ 264,547,879	\$ 273,079,126	\$ 270,523,936	\$ 264,686,555
A/R % over 180 Days	16%	14%	12%	10%	11%



The all hospital Revenue Cycle summary illustrates the combined movement in the A/R across all CNE hospitals. Gross charges decreased since last quarter by \$11.8M.

The Revenue Cycle is reporting a slight decrease in cash receipts of \$300K across all facilities from last quarter. The DNFB at Kent and Women and Infants' remains under 10 days with slight increases this quarter due to the holidays. The A/R days for all hospitals combined remains consistent and lower than the last two fiscal years at 45 days. This is four days lower and Q1 FY18.

- Through the first quarter of FY19 the Revenue Cycle continues to seek opportunity for automation and efficiencies.
- The largest initiatives for FY19 will be to reduce Provider Liabe write offs and to implement Provider-Based billing at approved Butler Hospital locations. The first quarter has proven successful for both initiatives.
 - Provider liable write offs have decreased by almost \$6M from the previous quarter.
 - Outsourcing initiatives and new systematic approaches with the payers will continue to quicken cash flow and decrease timely filing write offs. New management and staffing decisions within Patient Access have also resulted in a noticeable decrease of authorization write-offs. Lastly, billing procedures were updated regarding inpatient level of care denials. These claims will be resubmitted as observation, per the denial letters, regardless of length of stay. This process will greatly decrease medical necessity write-offs.
 - The first CMS approved provider-based location at Butler Hospital went live with split billing on 11/15/2018. Charges were monitored and validated. The gross charge pick-up has already been identified around \$90K through 12/31/2018.
 - Additional locations for opportunity have been identified and quantified. Implementations of the billing for these locations will begin throughout FY19.
- The Revenue Cycle and Chargemaster directors worked closely together to create automation behind the leveling and charging of clinic visits at Kent Hospital in FY18. Evaluation for automation at Women and Infants has been under way for Q1 FY19. This facility has proven more difficult due to de-centralized scheduling, registration and coding. The directors will continue to evaluate workflows and attempt to move toward standardization.

Specific areas of concern include:

- Payment delay tactics and incorrect denials from a number of payers continue to keep cash flow inconsistent and at times slow.
- The lack of interfaces between EPIC, Cerner, Optimum, 3M and All Scripts continues to cause breakdowns in processes which do affect the ability to collect revenue.
- Manual processes caused by the Avatar system at Butler in Revenue Cycle.

Hospitals

Butler Hospital:

Butler Hospital is dedicated to inpatient and outpatient psychiatric services, substance abuse and neurological services.

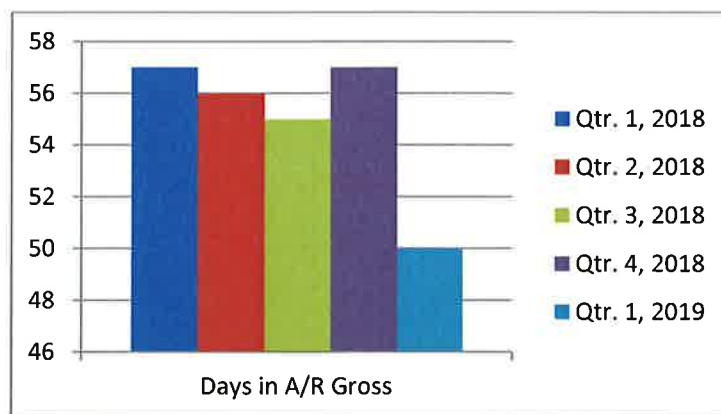
Q1 FY19 showed another large decrease in gross charges for Butler Hospital at \$952K. Inpatient volume continues to show a significant decline in charging and days from prior periods. In addition, the Partial Hospital Program also finished the first quarter 11% under-budget.. Butler Hospital's TMS program and the intensive outpatient substance program continue to have consistent and increased volume.

Cash receipts Q1 FY19 resulted in \$18.4M. This result is \$1.3M higher than Q1 FY18 and proves to be the highest cash quarter Butler Hospital has reported.

Days in A/R decreased 7 days from 57 to 50. This great decrease in days and increase in cash, despite the struggles of the Avatar system, can be attributed to a number of process improvements and reconciliations within billing and collections. The Revenue Cycle team has been diligent in collecting aged accounts, while also ensuring more accurate billing to receive cash in a timely manner.

Internal meetings with Butler finance and the Revenue Cycle team have been underway to identify additional provider-based billing opportunities. The first location went live 11/15/2018 as expected. There are four additional provider-based locations that are under review for updated billing processes with go-live dates still to be determined.

Butler Hospital Revenue Cycle Summary, Quarterly Review					
	Qtr. 1, 2018	Qtr. 2, 2018	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019
Gross Charges	\$ 37,481,686	\$ 35,973,316	\$ 37,525,303	\$ 36,835,886	\$ 35,883,457
Cash Receipts	\$ 17,100,895	\$ 17,020,595	\$ 17,301,602	\$ 16,797,859	\$ 18,471,997
Contractual Adjustments	\$ 17,455,824	\$ 16,998,643	\$ 18,056,913	\$ 16,735,788	\$ 18,134,871
Write-Offs	\$ 1,590,907	\$ 2,487,366	\$ 1,171,377	\$ 2,429,515	\$ 926,901
Days in A/R Gross	57	56	55	57	50
Total A/R Balances	\$ 23,372,360	\$ 22,393,688	\$ 22,501,054	\$ 23,264,858	\$ 19,385,210
A/R % over 180 Days	18%	22%	17%	13%	16%



Kent Hospital:

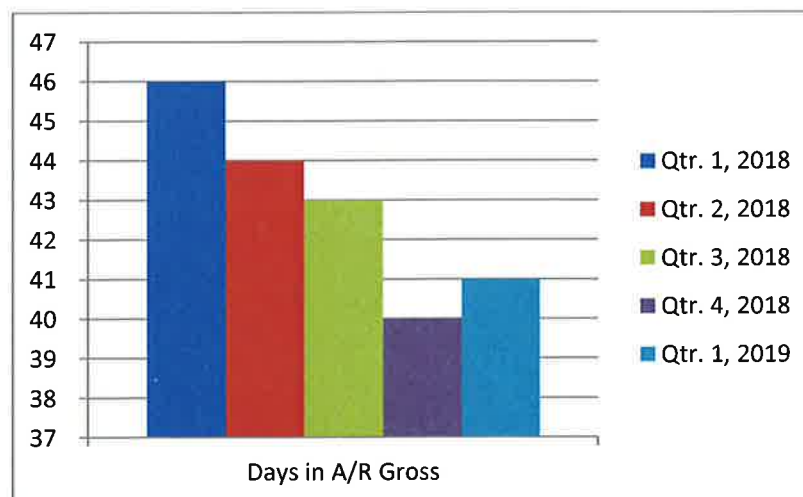
Kent Hospital is the larger General Medical/Surgical Hospital with rehabilitation, cardiac and obstetric specialty components. Kent had a large decrease in gross charges of \$6.5M during the first quarter of FY19. However, this is still \$19M higher than gross charges reported for the first quarter of FY18. Compared to last quarter, cash receipts and adjustments decreased by \$2.5M and \$9.7M, respectively. The decrease is reflective of lower volume for the first quarter. Total days in A/R went up one day to 41; five days less than Q1 FY18.

Q1 FY19 also shows a \$9M increase of cash compared to Q1 FY18. This increase is a result of higher patient volume, stronger internal collection efforts, and outsourcing initiatives. Self-pay cash at Kent Hospital has also shown an increase of \$630K compared to Q1 FY18. This increase is a direct result of system automation and a consolidation of self-pay outsourced vendors.

The total A/R decreased by \$500K, and aging remained consistent at 12%. Beacon Health and Self-Pay balances account for 70% of the balances greater than 360 days aged. Kent Hospital is pending settlement on these aged Beacon Health claims. Regarding the self-pay balances, the Revenue Cycle team continues to diligently set up patient payment plans and follow collection processes. Aging receivable will continue to be a monitored priority.

Provider Liabilities will continue to trend lower in FY19. This trend is due to newly implemented billing procedures, a lower aging receivable causing less timely filing write offs, and a decrease in missed authorizations due to efficient workflows in Patient Access.

Kent Hospital Revenue Cycle Summary, Quarterly Review					
	Qtr. 1, 2018	Qtr. 2, 2018	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019
Gross Charges	\$ 228,547,513	\$ 242,089,330	\$ 252,999,071	\$ 254,258,570	\$ 247,721,730
Cash Receipts	\$ 72,654,270	\$ 75,183,273	\$ 79,233,624	\$ 84,016,366	\$ 81,566,061
Contractual Adjustments	\$ 152,392,093	\$ 154,019,744	\$ 161,095,049	\$ 170,080,420	\$ 160,338,992
Write-Offs	\$ 4,672,018	\$ 5,728,133	\$ 6,068,749	\$ 5,856,572	\$ 2,518,791
DNFB Days	8	7	7	6	9
Days in A/R Gross	46	44	43	40	41
Total A/R Balances	\$ 113,384,595	\$ 117,078,199	\$ 120,796,450	\$ 111,060,936	\$ 110,596,556
A/R % over 180 Days	18%	15%	14%	12%	12%



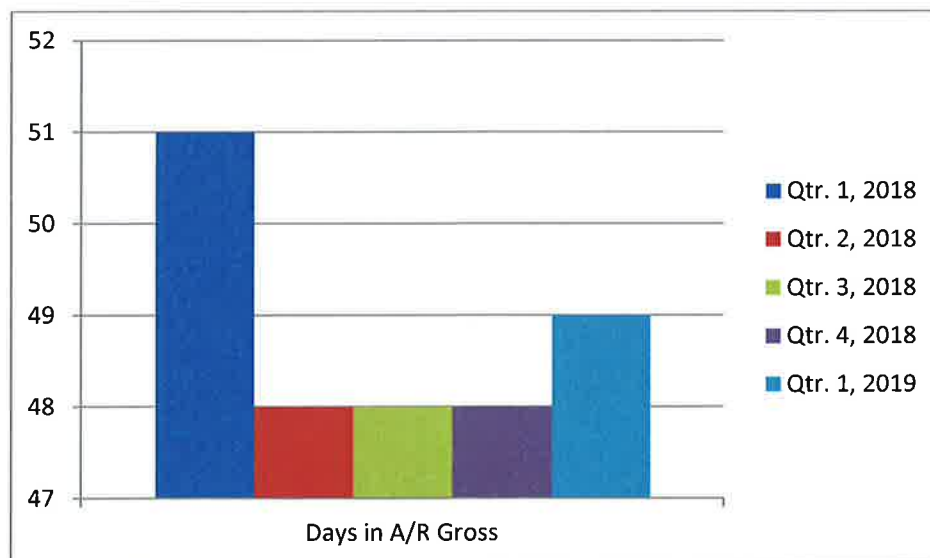
Women & Infants Hospital:

Women & Infants is the primary obstetric hospital in Rhode Island and the region's largest Neonatal Intensive Care Unit (NICU). Compared to the last quarter, gross charges decreased by \$4.3M, while cash increased by \$472K. Total days in A/R went up one day to 49; two days less than Q1 FY18.

Q1 FY19 also shows a \$9.7M increase of cash compared to Q1 FY18. This increase is a result of higher patient volume, stronger internal collection efforts, and outsourcing initiatives. Self-pay cash at Women and Infants' continues to trend higher each quarter with an increase of \$622K compared to Q1 FY18.

The total A/R decreased by \$4.3M, and aging increased by 1%. The aging increase can be attributed to coordination of benefit issues for baby claims, the slow processing from Out-of-State Managed Medicaid plans for high dollar NICU claims, and large self-pay balances. Self-Pay accounts for 34% of the total A/R over 180 days. The Revenue Cycle team continues to diligently set up patient payment plans and follow both financial assistance and collection processes.

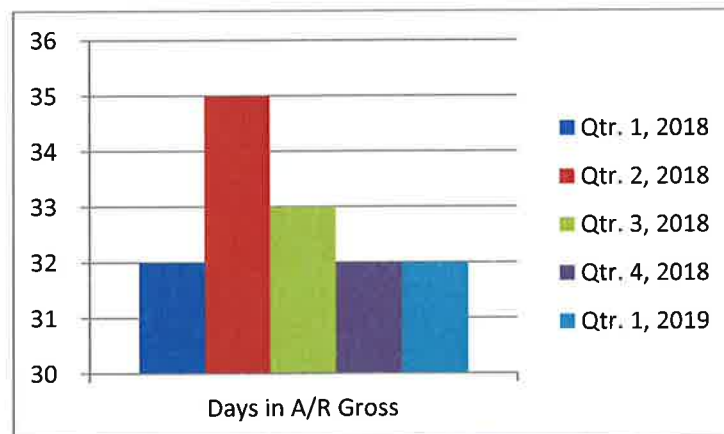
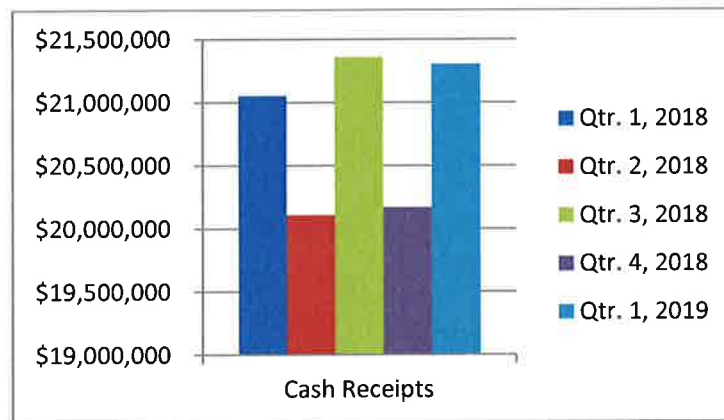
Women & Infants Hospital Revenue Cycle Summary, Quarterly Review					
	Qtr. 1, 2018	Qtr. 2, 2018	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019
Gross Charges	\$ 236,644,049	\$ 236,567,785	\$ 243,722,831	\$ 258,356,834	\$ 254,050,442
Cash Receipts	\$ 96,693,637	\$ 97,396,655	\$ 100,771,838	\$ 105,888,210	\$ 106,360,737
Contractual Adjustments	\$ 136,120,107	\$ 136,032,350	\$ 131,973,655	\$ 139,419,569	\$ 144,121,994
Write-Offs	\$ 3,423,270	\$ 5,872,498	\$ 4,369,069	\$ 4,189,336	\$ 3,241,630
DNFB Days	9	10	8	7	9
Days in A/R Gross	51	48	48	48	49
Total A/R Balances	\$ 130,310,550	\$ 125,075,991	\$ 129,781,672	\$ 136,198,142	\$ 134,704,789
A/R % over 180 Days	13%	11%	9%	8%	9%



Care New England Medical Group:

The first quarter FY19 gross charges have decreased by \$2.5M (4.3%) when compared to the prior quarter, but has increased by \$1.6M (2.9%) when compared to the Q1 FY18. Reduction in charges often occurs during the holiday season because more providers and staff take time off. Collections increased by \$1.1M (5.6%), and are consistent with the Q1 FY18. Contractual adjustments for Q1 FY19 increased by \$3M (8.9%). Write offs for Q1 FY19 decreased by \$240K (16%) compared to last quarter. Days in A/R remained stable at 32 with an overall decrease of 14.8% in the total accounts receivable. A/R % over 180 days increased to 12%, which remains under our goal of <15%.

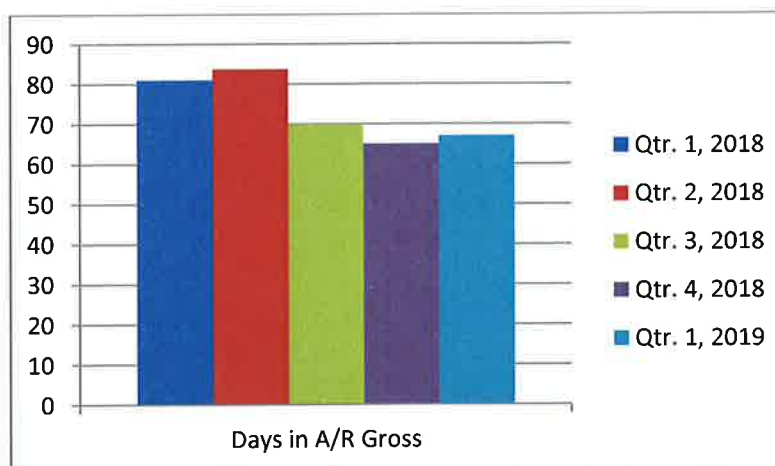
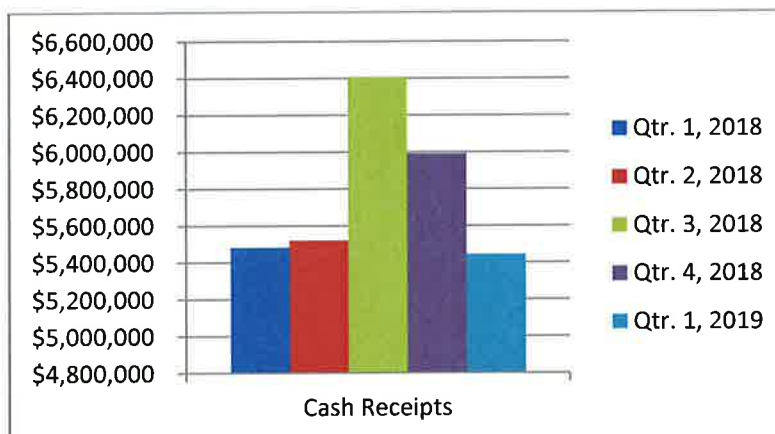
Care New England Medical Group Revenue Cycle Summary, Quarterly Review					
	Qtr. 1, 2018	Qtr. 2, 2018	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019
Gross Charges	\$ 54,270,506	\$ 59,251,705	\$ 57,434,334	\$ 58,368,525	\$ 55,846,792
Cash Receipts	\$ 21,052,577	\$ 20,108,782	\$ 21,360,404	\$ 20,167,974	\$ 21,303,545
Contractual Adjustments	\$ 34,409,932	\$ 34,758,435	\$ 36,287,998	\$ 33,845,204	\$ 36,857,193
Write-Offs	\$ 1,559,214	\$ 1,654,591	\$ 877,123	\$ 1,503,714	\$ 1,263,662
Days in A/R Gross	32	35	33	32	32
Total A/R Balances	\$ 19,608,593	\$ 22,338,659	\$ 21,247,471	\$ 24,099,104	\$ 20,521,492
A/R % over 180 Days	10%	10%	11%	11%	12%



Visiting Nurses Association (VNA) of Care New England:

VNA is a home care agency that provides Skilled Nursing, Rehab Therapies, Hospice, Palliative Care and Private Duty Home Care to Greater Rhode Island. Q1 FY19 showed an increase in AR days by 2 days to 67 and A/R balances increase of \$500K. These increases are primarily related to volume increases within the VNA Home Care and Hospice Programs. Another contributing factor is related to collections, which the VNA is unable to process due to incorrect payments applied by Neighborhood Health Plan. The VNA is actively working with the payer to obtain corrected payments.

VNA of Care New England Revenue Cycle Summary, Quarterly Review					
	Qtr. 1, 2018	Qtr. 2, 2018	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019
Gross Charges	\$ 5,538,847	\$ 5,565,133	\$ 5,799,807	\$ 5,492,297	\$ 5,914,320
Cash Receipts	\$ 5,483,067	\$ 5,520,521	\$ 6,408,326	\$ 5,989,971	\$ 5,444,577
Write-Offs	\$ 538	\$ 10,125	\$ (31)	\$ 140,858	\$ -
Days in A/R Gross	81	84	70	65	67
Total A/R Balances	\$ 4,897,565	\$ 5,177,577	\$ 4,455,842	\$ 3,860,666	\$ 4,330,361
A/R % over 180 Days	19%	19%	21%	20%	20%

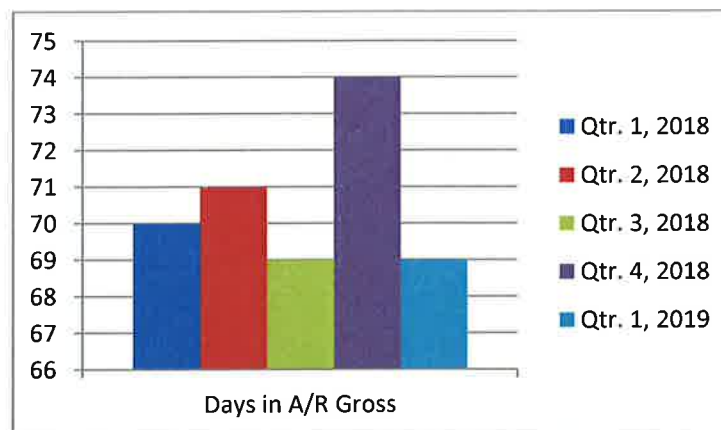
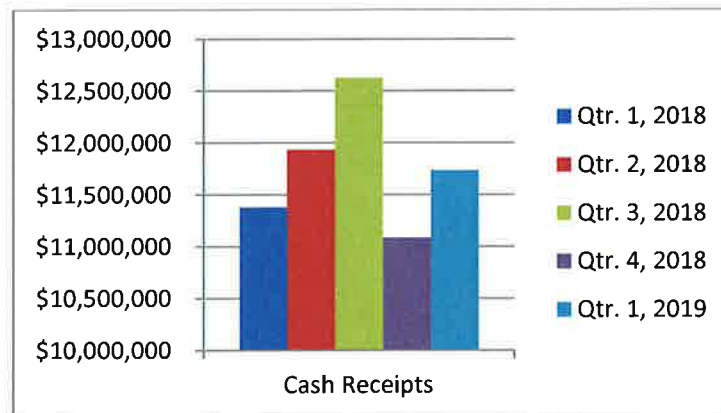


The Providence Center:

The Providence Center is Rhode Island's largest community behavioral health services network. Services focus on delivery with the client, families and other community resources. It provides services to over 18,000 clients annually and is staffed by approximately 800 people.

Growth in gross charges from fiscal year 2018 4th quarter to 2019 1st quarter was favorably impacted by continued growth of Integrated Health Home and Assertive Community Treatment census, plus increases in TPC school and outpatient revenue compared to the prior quarter's seasonal decline.

The Providence Center Revenue Cycle Summary, Quarterly Review					
	Qtr. 1, 2018	Qtr. 2, 2018	Qtr. 3, 2018	Qtr. 4, 2018	Qtr. 1, 2019
Gross Charges	\$ 12,469,466	\$ 13,210,725	\$ 12,401,553	\$ 11,098,121	\$ 11,809,722
Cash Receipts	\$ 11,379,960	\$ 11,937,098	\$ 12,626,488	\$ 11,086,193	\$ 11,733,768
Contractual Adjustments	\$ 448,218	\$ 454,110	\$ 378,207	\$ 40,727	\$ 50,396
Write-Offs	\$ 103,079	\$ 57,714	\$ 339,260	\$ 357,906	\$ 27,378
Days in A/R Gross	70	71	69	74	69
Total A/R Balances	\$ 9,833,478	\$ 10,800,900	\$ 9,770,504	\$ 8,881,665	\$ 8,777,779
A/R % over 180 Days	13%	14%	20%	23%	23%



**CARE NEW ENGLAND HEALTH SYSTEM
REVENUE CYCLE QUARTERLY REPORT
12/31/18**

		FY 12	FY 13	FY 14	Q1, FY 15	Q2, FY 15	Q3, FY 15	Q4, FY 15	Q1, FY 16	Q2, FY 16	Q3, FY 16	Q4, FY 16	Q1, FY 17	Q2, FY 17	Q3, FY 17	Q4, FY 17	Q1, FY 18	Q2, FY 18	Q3, FY 18	Q4, FY 18	Q1, FY 19
Prior Mix by Gross Revenue:																					
Medicare and Medicare Managed Care		34.70%	34.80%	34.01%	33.17%	35.21%	33.51%	31.51%	32.79%	32.84%	32.01%	30.95%	31.61%	33.18%	31.18%	30.68%	29.76%	30.85%	31.17%	30.51%	30.89%
Blue Cross		23.20%	22.35%	22.43%	22.03%	20.52%	20.87%	21.94%	20.89%	20.92%	20.66%	20.52%	20.43%	20.34%	20.97%	20.41%	20.27%	19.45%	19.46%	19.76%	19.46%
Medicaid and Medicaid Managed Care		20.83%	20.45%	24.46%	26.97%	26.75%	28.01%	28.92%	28.61%	27.58%	27.20%	28.98%	26.95%	27.70%	28.38%	28.93%	29.57%	27.79%	27.16%	27.73%	26.57%
Managed Care		10.95%	11.09%	10.86%	10.33%	10.02%	10.46%	10.48%	10.47%	10.57%	11.52%	10.58%	10.67%	9.98%	10.68%	10.09%	8.06%	9.74%	9.88%	9.87%	10.03%
Self Pay		4.60%	4.71%	2.68%	1.71%	1.58%	1.91%	1.70%	1.46%	1.71%	1.68%	1.65%	1.60%	1.58%	1.65%	1.58%	1.38%	1.21%	1.20%	1.32%	1.20%
All Other		5.72%	6.60%	5.56%	5.79%	5.93%	5.45%	5.23%	5.78%	6.38%	6.93%	7.32%	8.73%	7.15%	7.24%	8.30%	10.95%	10.96%	11.13%	11.11%	11.55%
Total		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.01%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Analysis of Revenues & Deductions:																	
Gross Patient Service Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less Contractual Discounts	-56.9%	-57.4%	-56.0%	-59.1%	-59.5%	-60.6%	-60.7%	-59.1%	-59.7%	-57.8%	-58.9%	-59.2%	-61.1%	-62.1%	-61.3%	-60.4%	-59.9%
Plus Disproportionate Share Receipts	1.7%	1.3%	0.9%	1.8%	1.8%	1.8%	1.8%	1.9%	1.9%	2.0%	2.2%	1.9%	1.9%	1.8%	2.0%	1.4%	2.8%
Plus Upper Payment Limit Receipts	0.1%	0.1%	0.0%	0.4%	0.4%	0.4%	0.4%	0.5%	0.4%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	1.6%	0.5%
Net Patient Service Revenues (NPSR)	44.9%	44.0%	44.9%	43.1%	42.7%	41.6%	41.5%	43.3%	42.7%	44.6%	43.8%	43.1%	41.2%	40.0%	41.1%	41.8%	41.7%
Less:																	
Charity Care (CC)	-2.1%	-2.0%	-2.0%	-0.7%	-0.7%	-0.9%	-0.8%	-0.8%	-0.8%	-0.8%	-0.6%	-0.8%	-0.8%	-0.4%	-0.7%	-0.9%	-0.5%
Bad Debt Expense (BD)	-2.3%	-2.6%	-1.7%	-1.3%	-1.8%	-1.1%	-2.0%	-1.5%	-1.6%	-1.4%	-1.3%	-1.5%	-1.7%	-1.4%	-1.2%	-1.1%	-1.2%
NPSR less Uncompensated Care	40.5%	39.4%	41.2%	41.1%	40.2%	39.6%	38.7%	41.0%	40.3%	42.4%	41.9%	40.8%	38.6%	38.2%	39.3%	39.8%	40.0%
Total Uncompensated Care (CC & BD)	4.4%	4.6%	3.7%	2.0%	2.5%	2.0%	2.8%	2.3%	2.4%	2.2%	1.9%	2.3%	2.5%	1.8%	2.2%	2.0%	1.7%

**Care New England Health System
Consolidated and Obligated Group
12/31/2018**

		FY16	FY17	Consolidated FY18	Obligated Group FY18	Consolidated FY19	Obligated Group (YTD) FY19
<u>Liquidity Ratios:</u>							
<u>Days Cash on Hand - Operating Only</u>							
	Cash & Cash Equivalents & Investments	69,186,020	54,458,086	47,375,732	47,377,284	54,206,050	53,866,673
	Less: Restricted Cash & Cash Equivalents and Inves	11,111,334	11,296,695	13,476,543	13,010,691	15,301,106	14,835,254
	Less: Integra Contract Performance Cash	0	696,677	470,422	470,422	589,518	589,518
	Less: MHRI Trust Distributions					339,377	339,377
	Less: Outstanding borrowings on line of credit	639,958	442,144	0	0	0	0
	Unrestricted Cash & Cash Equivalents and Investmer	57,434,728	42,022,570	33,428,767	33,896,171	37,976,049	38,102,524
Divided by:	Operating Expenses	1,223,003,650	1,179,765,846	1,158,087,180	1,114,236,225	281,911,392	279,636,343
Less:	Depreciation and Amortization Expense	39,599,310	35,324,831	30,021,896	29,648,043	7,503,777	7,428,101
	Loss on disposition of assets (intangibles)	5,400,000	0	0	0	0	0
	Restructuring or merger costs (Max \$4m/year)	4,000,000	4,000,000	73,333	73,333	0	0
	Loss on Asset Impairment		0	22,560,986	0	0	0
	Loss on refinancing	20,235,280	0	0	0	0	0
	Net Operating Expenses	1,153,769,060	1,140,441,015	1,105,430,965	1,084,514,849	274,407,615	272,208,242
		18.2	13.4	11.0	11.4	12.7	12.9
<u>Days Cash on Hand - Inclusive of Unrestricted Board Designated</u>							
	Cash & Cash Equivalents & Investments	57,434,728	42,022,570	33,428,767	33,896,171	37,976,049	38,102,524
Plus:	Unrestricted Board Designated Funds, excluding CS	100,153,542	94,491,071	100,350,100	100,350,100	91,691,488	91,691,488
Divided by:	Operating Expenses	1,223,003,650	1,179,765,846	1,158,087,180	1,114,236,225	281,911,392	279,636,343
Less:	Depreciation and Amortization Expense	39,599,310	35,324,831	30,021,896	29,648,043	7,503,777	7,428,101
	Loss on disposition of assets (intangibles)	5,400,000	0	0	0	0	0
	Restructuring or merger costs (Max \$4m/year)	4,000,000	4,000,000	73,333	73,333	0	0
	Loss on Asset Impairment		0	22,560,986	0	0	0
	Loss on refinancing	20,235,280	0	0	0	0	0
	Net Operating Expenses	1,153,769,060	1,140,441,015	1,105,430,965	1,084,514,849	274,407,615	272,208,242
		50.0	43.7	44.2	45.2	43.5	43.9
<u>Cash to Debt Ratio</u>							
	Cash & Cash Equivalents & Investments (including E	157,588,270	136,513,641	133,778,867	134,246,271	129,667,537	129,794,012
Divided by:	Long-term Debt (reduced by Debt Service Reserve F	169,934,522	168,325,102	162,132,682	162,064,961	161,742,806	161,742,806
		0.93	0.81	0.83	0.83	0.80	0.80
<u>Current Ratio</u>							
	Current Assets	221,881,964	210,009,369	213,136,305	209,014,977	225,345,305	223,438,473
Divided by:	Current Liabilities	187,009,712	176,294,412	164,751,843	158,616,075	169,652,885	164,715,796
		1.19	1.19	1.29	1.32	1.33	1.36
<u>Average Payment Period</u>							
	Current Liabilities	187,009,712	176,294,412	164,751,843	158,616,075	169,652,885	164,715,796
Divided by:	Operating Expenses	1,223,003,650	1,179,765,846	1,158,087,180	1,114,236,225	281,911,392	279,636,343
	Days in Measurement Period	366	365	365	365	92	92
	Average Daily Operating Expenses	3,341,540	3,232,235	3,172,842	3,052,702	3,064,254	3,039,525
		56.0	54.5	51.9	52.0	55.4	54.2

Care New England Health System
12/31/2018

		FY16	FY17	Consolidated FY18	Obligated Group (YTD) FY18	Consolidated FY19	Obligated Group (YTD) FY19
<u>Profitability Ratios:</u>							
<u>Operating Margin</u>							
Divided by:	Income from Operations	(68,279,804)	(47,132,893)	(26,877,370)	6,639,255	721,033	1,586,282
	Total Operating Revenue	1,154,723,846	1,132,632,953	1,131,209,810	1,120,875,480	282,632,425	281,222,625
		-5.91%	-4.16%	-2.38%	0.59%	0.26%	0.56%
<u>Excess Margin</u>							
				See Note (5)	See Note (6)	See Note (5)	See Note (6)
Divided by:	Excess (deficiency) of Revenues & Gains over Expe	(52,842,762)	(19,926,152)	(47,614,488)	(14,332,239)	(17,964,696)	(16,823,526)
	Total Operating Revenue	1,154,723,846	1,132,632,953	1,131,209,810	1,120,875,480	282,632,425	281,222,625
		-4.58%	-1.76%	-4.21%	-1.28%	-6.36%	-5.98%

Care New England Health System
12/31/2018

		FY16	FY17	Consolidated FY18	Obligated Group (YTD) FY18	Consolidated FY19	Obligated Group (YTD) FY19
<u>Capital Structure:</u>							
<u>LT Debt to Equity</u>							
					See Note (A)		See Note (A)
Divided by:	Long-term Debt (reduced by 2013 Series A Debt Ser	169,934,522	168,325,102	162,132,682	162,064,961	161,742,806	161,742,806
	Total Net Assets	248,875,932	270,762,626	266,676,493	352,157,793	243,772,206	331,411,493
		68.28%	62.17%	60.80%	46.02%	66.35%	48.80%
<u>Debt/Capitalization</u>							
Divided by:	Long-term Debt (reduced by 2013 Series A Debt Ser	169,934,522	168,325,102	162,132,682	162,064,961	161,742,806	161,742,806
	Unrestricted Net Assets + Debt	341,874,640	355,984,071	342,827,779	440,622,054	324,684,519	423,687,685
		49.71%	47.28%	47.29%	36.78%	49.82%	38.18%

			Consolidated FY18	Obligated Group FY18	Consolidated FY19	Obligated Group (YTD) FY19
<u>Debt Service Coverage</u>						
	Excess (deficiency) of Revenues & Gains over Expe	(52,842,762)	(19,926,152)	(47,614,488)	(17,964,696)	(16,823,526)
	Change in unrealized (gains) and losses	(17,542,646)	(12,022,381)	(2,038,630)	\$20,167,751	\$20,167,751
	Pension Settlement	-	-	31,096,004	-	-
	Depreciation and Amortization	39,599,310	35,324,831	30,021,896	7,503,777	7,428,101
	Interest Expense, including swap agreement paymer	6,129,434	7,960,620	8,007,167	1,951,801	1,950,784
	Loss on disposition of assets	5,400,000	-	-	-	-
	Loss on asset impairment	-	-	22,560,986	-	-
	Transfer To/from Affiliates	-	-	-	-	-
	Restructuring or merger costs (Max \$4m/year)	4,000,000	4,000,000	73,333	-	-
	Loss on refinancing	20,235,280	-	-	-	-
Equals (A)		4,978,616	15,336,918	42,106,268	11,658,633	12,723,110
	Principal Payment	9,346,905	1,894,631	5,434,416	1,410,656	1,410,656
Plus	Interest Expense, including swap agreement paymer	6,129,434	7,960,620	8,007,167	1,951,801	1,950,784
Equals (B)		15,476,339	9,855,251	13,441,583	3,362,457	3,361,440
		0.3	1.56	3.13	3.47	3.79

Average Age of Plant

	Accumulated Depreciation	484,438,434	500,578,882	540,268,360	536,481,542	547,772,137	543,909,643
Divided by:	Depreciation Expense (Annualized)	39,599,310	35,324,831	30,021,896	29,648,043	30,015,108	29,712,404
		12.2	14.2	18.0	18.1	18.2	18.3

Note: (1) The FY15 ratios include the acquisition of The Providence Center (TPC) as of January 1, 2015.

Note: (2) FY15 excludes restricted cash and equivalents and investments.

Note: (3) The FY 14 and FY15 calculations do not take into account \$10.3 million and \$4.2 million, respectively in trustee-held funds, which will be utilized for future capital purchases and ultimately improving our cash/liquidity position

Note: (4) The debt service coverage calculation is based on current year activity.

Note: (5) FY 18 Excess (deficiency) of Revenues & Gains over Expenses includes the Pension Settlement of \$31.1 million.

Note: (6) FY 18 Obligated Group Excess (deficiency) of Revenues & Gains over Expenses includes the Pension Settlement of \$31.1 M and the MH Pension Liability Transfer of \$70.1M

Note (A) FY18 Obligated Group Unrestricted Net Assets and Total Net Assets will be reduced to amounts similar to the reported Consolidated Unrestricted Net Assets and Total Net Assets, when the Memorial Hospital Cash Due to CNE obligation is forgiven.

**Care New England Health System
Debt Compliance Tests
For the 3 Months Ending December 31, 2018**

2016 Series B, 2016 Series C Debt Compliance Tests:

	<u>Consolidated</u>	<u>Obligated Grp - YTD</u>
Debt Service Coverage Ratio - As of October 31, 2018		
Calculated Debt Service Coverage	3.47	3.79
Required Debt Service Coverage annually at September 30th	1.10	1.10
Interim Compliance Status	<u>Above</u>	<u>Above</u>
Days Cash on Hand - as of October 31, 2018		
Calculated Days Cash on Hand	43.47	43.87
Required Days Cash on Hand annually at September 30th	30.00	30.00
Interim Compliance Status	<u>Above</u>	<u>Above</u>

EXHIBIT A
Debt Service Coverage Ratio

Care New England Health System
Debt Compliance Calculations
As of December 31, 2018

Debt Service Coverage Ratio

Excess of revenues and gains over expenses:

Unrealized (gain) or loss on investments

Interest expense including payments on interest rate swaps

Depreciation & amortization

Restructuring and merger costs (maximum \$4m/year)

Pension Settlement

Loss on asset impairment

Transfer to/(from) affiliates

Loss on refinancing of debt

Loss on disposition of assets/intangibles

Payments on LTD and capital leases, YTD, net of loss on refinancing
Interest Payments, YTD

Total

Debt Service Coverage Ratio

CNE Consolidated Sep-17	CNE Consolidated Sep-18	CNE Obligated Group Sep-18
(\$19,926,151)	(\$47,614,488)	(\$14,332,239)
(\$12,022,361)	(\$2,036,930)	(\$2,036,076)
\$7,960,820	\$8,007,167	\$7,975,581
\$35,324,831	\$30,021,896	\$29,848,043
\$4,000,000	\$73,333	\$73,333
\$0	\$31,096,004	\$31,096,004
\$0	\$22,560,986	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$16,336,919	\$42,106,268	\$52,422,646
	\$5,434,416	\$5,434,416
	\$8,007,167	\$7,975,581
	\$13,441,583	\$13,409,997
	3.13	3.91

CNE Consolidated Dec-18	CNE Obligated Group Dec-18
(\$17,964,896)	(\$16,823,526)
\$20,167,751	\$20,167,751
\$1,951,801	\$1,950,784
\$7,503,777	\$7,428,101
\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$0
\$0	\$0
\$11,658,433	\$12,723,110
\$1,410,656	\$1,410,656
\$1,951,801	\$1,950,784
\$3,362,257	\$3,361,440
3.47	3.79

Exhibit B
Days Cash on Hand

Care New England Health System
Debt Compliance Calculations
As of December 31, 2018

Days Cash on Hand Inclusive of Unrestricted Board Designated

	CNE Consolidated Dec-18	CNE Obligated Grp Dec-18
Cash & Cash Equivalents per Financial Statements	\$ 54,206,050	\$ 53,866,673
Less: Cash & Cash Equivalents Restricted for Specific Purposes	\$ 15,301,106	\$ 14,835,254
Less: Integra - Contract Performance Cash	\$ 589,518	\$ 589,518
Less: Memorial Holding - Trust Distributions	\$ 339,377	\$ 339,377
Unrestricted Cash & Cash Equivalents, net	\$ 37,976,049	\$ 38,102,524
Investments (Short and Long Term)	\$ -	\$ -
Less: Investments Restricted for Specific Purposes	\$ -	\$ -
Unrestricted Investments (Short and Long Term), net	\$ -	\$ -
Unrestricted Board-designated investments per Financial Statements	\$ 114,760,335	\$ 114,760,335
Less: Cash Surrender Value of Life Insurance	\$ 23,068,847	\$ 23,068,847
Unrestricted Board-designated investments, net	\$ 91,691,488	\$ 91,691,488
Subtotal	\$ 129,667,537	\$ 129,794,012
Divided By:		
Operating Expenses	\$ 281,911,382	\$ 279,636,343
Less: Depreciation and Amortization Expense	\$ 7,503,777	\$ 7,428,101
Less: Restructuring or merger costs (Annual Maximum \$4m) excludes MH Restructuring	\$ -	\$ -
Less: Loss on Disposition of Assets (intangibles)	\$ -	\$ -
Less: Loss on Impairment of Assets	\$ -	\$ -
Less: Loss on Refinancing	\$ -	\$ -
Less: Adjustments to Goodwill and Intangibles	\$ -	\$ -
Net Operating Expenses	\$ 274,407,605	\$ 272,208,242
Divided By Days YTD		
Subtotal - Daily	\$ 2,982,691	\$ 2,958,785
Days Cash on Hand	43.47 days	43.87

1185-91000-10000
2410-91000-10430

92

92 days

Exhibit D
Historical Indebtedness Ratio

**Care New England Health System
Debt Compliance Calculations
As of December 31, 2018**

Indebtedness Ratio	CNE Consolidated Dec-18
Current portion of long term debt	\$6,062,764
Long term debt, net of current portion	\$165,481,948
Total Deferred Financing Costs	\$2,401,312
Less: 2016 Series B Debt Service reserve Fund deposits	<u>\$12,203,218</u> \$161,742,806
Unrestricted Net Assets	\$162,941,713
Net Assets	\$243,772,206
Indebtedness Ratio	66.35%

Care New England Health System
Outstanding Indebtedness
Unaudited
As of December 31, 2018

Outstanding Indebtedness:

		Excluding Premiums and Discounts	
		FY 2019	FY 2018
Consolidated			
Series 2016 B	\$134,775,000	\$134,775,000	\$134,775,000
Series 2016 C	\$21,610,000	\$21,610,000	\$21,610,000
Series 2016 B Bond Premium	\$11,545,460		
Series 2016 C Bond Discount	-\$437,619		
RIHEBC & Other Capital Leases	2035158.93	\$2,035,159	\$2,145,407
Seavest Note	\$1,360,376	\$1,360,376	\$1,382,353
Time Mortgage Note	\$2,869,351	\$2,869,351	\$2,903,272
The Providence Center	\$188,297	\$188,297	\$202,753
	<u>\$173,946,024</u>	<u>\$162,838,183</u>	<u>\$163,018,785</u>

\$180,602

The obligated group has not incurred additional indebtedness since the issuance of the Series 2016 B and Series 2016 C bonds except the following capital leases.

Outstanding Indebtedness:

		Excluding Premiums and Discounts	
		FY 2019	FY 2018
Obligated Group			
Series 2016 B	\$134,775,000	\$134,775,000	\$134,775,000
Series 2016 C	\$21,610,000	\$21,610,000	\$21,610,000
Series 2016 B Bond Premium	\$11,545,460		
Series 2016 C Bond Discount	-\$437,619		
RIHEBC & Other Capital Leases	\$2,035,159	\$2,035,159	\$2,077,646
Seavest Note	\$1,360,376	\$1,360,376	\$1,382,353
Time Mortgage Note	\$2,869,351	\$2,869,351	\$2,903,272
The Providence Center	\$188,297	\$188,297	\$202,753
	<u>\$173,946,024</u>	<u>\$162,838,183</u>	<u>\$162,951,025</u>

\$173,946,024

\$0

PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
December-18

Current Month December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
1,041	1,072	(31)	(2.9%)	1,001	40	4.0%
760	773	(13)	(1.7%)	881	(121)	(13.7%)
545	591	(46)	(7.8%)	548	(3)	(0.5%)
116	151	(35)	(23.2%)	149	(33)	(22.1%)
686	688	(2)	(0.3%)	724	(38)	(5.2%)
6	4	2	50.0%	4	2	50.0%
80	86	(6)	(7.0%)	97	(17)	(17.5%)
35	39	(4)	(10.3%)	39	(4)	(10.3%)
3,269	3,404	(135)	(4.0%)	3,443	(174)	(5.1%)

4,442	4,335	107	2.5%	4,218	224	5.3%
2,210	2,398	(188)	(7.8%)	2,533	(323)	(12.8%)
3,777	3,786	(9)	(0.2%)	3,790	(13)	(0.3%)
746	804	(58)	(7.2%)	789	(43)	(5.4%)
1,708	1,750	(42)	(2.4%)	1,837	(129)	(7.0%)
93	43	50	117.3%	51	42	82.4%
1,732	1,856	(124)	(6.7%)	2,079	(347)	(16.7%)
355	472	(117)	(24.8%)	414	(59)	(14.3%)
15,063	15,443	(380)	(2.5%)	15,711	(648)	(4.1%)

4.3	4.0	0.2	5.5%	4.2	0.1	1.3%
2.9	3.1	(0.2)	(6.3%)	2.9	0.0	1.1%
6.9	6.4	0.5	8.2%	6.9	0.0	0.2%
6.4	5.3	1.1	20.8%	5.3	1.1	21.4%
2.5	2.5	(0.1)	(2.1%)	2.5	(0.0)	(1.9%)
15.5	10.7	4.8	44.9%	12.8	2.8	21.6%
21.7	21.6	0.1	0.3%	21.4	0.2	1.0%
10.1	12.1	(2.0)	(16.2%)	10.6	(0.5)	(4.5%)
4.6	4.5	0.1	1.6%	4.6	0.0	1.0%

DISCHARGES

MED SURG
OBSTETRICS
PSYCH
KENT UNIT AT BUTLER
NURSERY-NEWBORN
NURSERY-SPECIAL CARE
NICU
REHAB
TOTAL

PATIENT DAYS

MED SURG
OBSTETRICS
PSYCH
KENT UNIT AT BUTLER
NURSERY-NEWBORN
NURSERY-SPECIAL CARE
NICU
REHAB
TOTAL

LENGTH OF STAY

MED SURG
OBSTETRICS
PSYCH
KENT UNIT AT BUTLER
NURSERY-NEWBORN
NURSERY-SPECIAL CARE
NICU
REHAB
TOTAL

YEAR-TO-DATE December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
3,222	3,232	(10)	(0.3%)	3,017	205	6.8%
2,394	2,449	(55)	(2.2%)	2,576	(182)	(7.1%)
1,730	1,754	(24)	(1.4%)	1,772	(42)	(2.4%)
391	396	(5)	(1.3%)	390	1	0.3%
2,093	2,165	(72)	(3.3%)	2,199	(106)	(4.8%)
19	15	4	26.7%	15	4	26.7%
277	283	(6)	(2.1%)	294	(17)	(5.8%)
104	106	(2)	(1.9%)	106	(2)	(1.9%)
10,230	10,400	(170)	(1.6%)	10,369	(139)	(1.3%)

13,146	12,692	454	3.6%	12,261	885	7.2%
7,118	7,374	(256)	(3.5%)	7,750	(632)	(8.2%)
11,745	11,939	(194)	(1.6%)	12,143	(398)	(3.3%)
2,472	2,518	(46)	(1.8%)	2,462	10	0.4%
5,304	5,545	(241)	(4.3%)	5,587	(283)	(5.1%)
265	161	105	65.1%	102	163	159.8%
6,013	6,032	(19)	(0.3%)	6,187	(174)	(2.8%)
1,184	1,283	(99)	(7.7%)	1,262	(78)	(6.2%)
47,247	47,543	(296)	(0.6%)	47,754	(507)	(1.1%)

4.1	3.9	0.2	3.9%	4.1	0.0	0.4%
3.0	3.0	(0.0)	(1.3%)	3.0	(0.0)	(1.2%)
6.8	6.8	(0.0)	(0.3%)	6.9	(0.1)	(0.9%)
6.3	6.4	(0.0)	(0.6%)	6.3	0.0	0.1%
2.5	2.6	(0.0)	(1.1%)	2.5	(0.0)	(0.3%)
13.9	10.7	3.2	30.3%	6.8	7.1	105.1%
21.7	21.3	0.4	1.8%	21.0	0.7	3.2%
11.4	12.1	(0.7)	(5.9%)	11.9	(0.5)	(4.4%)
4.6	4.6	0.0	1.0%	4.6	0.0	0.3%

PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
December-18

Current Month December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
143.3	139.8	3.5	2.5%	136.1	7.2	5.3%
71.3	77.3	(6.1)	(7.8%)	81.7	(10.4)	(12.8%)
121.8	122.1	(0.3)	(0.2%)	122.3	(0.4)	(0.3%)
24.1	25.9	(1.9)	(7.2%)	25.5	(1.4)	(5.4%)
55.1	56.4	(1.3)	(2.4%)	59.3	(4.2)	(7.0%)
3.0	1.4	1.6	117.3%	1.6	1.4	82.4%
55.9	59.9	(4.0)	(6.7%)	67.1	(11.2)	(16.7%)
11.5	15.2	(3.8)	(24.8%)	13.4	(1.9)	(14.3%)
485.9	498.2	(12.3)	(2.5%)	506.8	(20.9)	(4.1%)

AVERAGE DAILY CENSUS

MED SURG
OBSTETRICS
PSYCH
KENT UNIT AT BUTLER
NURSERY-NEWBORN
NURSERY-SPECIAL CARE
NICU
REHAB
TOTAL

OBSERVATION

HOURS
CASES

PARTIAL HOSPITAL DAYS

DELIVERIES

YEAR-TO-DATE December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
142.9	138.0	4.9	3.6%	133.3	9.6	7.2%
77.4	80.2	(2.8)	(3.5%)	84.2	(6.9)	(8.2%)
127.7	129.8	(2.1)	(1.6%)	132.0	(4.3)	(3.3%)
26.9	27.4	(0.5)	(1.8%)	26.8	0.1	0.4%
57.7	60.3	(2.6)	(4.3%)	60.7	(3.1)	(5.1%)
2.9	1.7	1.1	65.1%	1.1	1.8	159.8%
65.4	65.6	(0.2)	(0.3%)	67.3	(1.9)	(2.8%)
12.9	13.9	(1.1)	(7.7%)	13.7	(0.8)	(6.2%)
513.6	516.8	(3.2)	(0.6%)	519.1	(5.5)	(1.1%)

49,151	44,829	4,322	9.6%	46,200	2,951	6.4%
2,063	1,771	292	16.5%	1,811	252	13.9%

5,536	6,026	(490)	(8.1%)	5,860	(324)	(5.5%)
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2,229	2,270	(41)	(1.8%)	2,365	(136)	(5.8%)
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PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
December-18

Current Month December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
1,361	1,387	(26)	(1.9%)	1,380	(19)	(1.4%)
6,476	6,841	(365)	(5.3%)	6,777	(301)	(4.4%)
7,837	8,228	(391)	(4.7%)	8,157	(320)	(3.9%)

456	516	(60)	(11.6%)	478	(22)	(4.6%)
1,165	1,184	(19)	(1.6%)	1,087	78	7.2%
1,621	1,700	(79)	(4.6%)	1,565	56	3.6%

69	46	23	49.0%	55	14	25.5%
432	526	(94)	(17.8%)	462	(30)	(6.5%)
501	572	(71)	(12.4%)	517	(16)	(3.1%)

61,283	60,073	1,210	2.0%	60,318	965	1.6%
133,479	142,705	(9,226)	(6.5%)	129,244	4,235	3.3%
194,762	202,778	(8,016)	(4.0%)	189,562	5,200	2.7%

4,908	5,076	(168)	(3.3%)	5,231	(323)	(6.2%)
6,255	6,957	(702)	(10.1%)	6,384	(129)	(2.0%)
11,163	12,033	(870)	(7.2%)	11,615	(452)	(3.9%)

YEAR-TO-DATE December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
4,221	4,143	78	1.9%	4,122	99	2.4%
19,359	20,483	(1,124)	(5.5%)	20,325	(966)	(4.8%)
23,580	24,626	(1,046)	(4.2%)	24,447	(867)	(3.5%)

EMERGENCY ROOM/TRIAGE

Inpatient

Outpatient

Total

OPERATING ROOM

Inpatient

Outpatient

Total

ENDOSCOPY

Inpatient

Outpatient

Total

LABORATORY

Inpatient

Outpatient

Total

BLOOD BANK

Inpatient

Outpatient

Total

1,500	1,545	(45)	(2.9%)	1,537	(37)	(2.4%)
3,631	3,534	97	2.7%	3,421	210	6.1%
5,131	5,079	52	1.0%	4,958	173	3.5%

190	132	58	43.6%	161	29	18.0%
1,456	1,619	(163)	(10.1%)	1,510	(54)	(3.6%)
1,646	1,751	(105)	(6.0%)	1,671	(25)	(1.5%)

189,717	178,034	11,683	6.6%	174,571	15,146	8.7%
430,802	428,853	1,949	0.5%	408,796	22,006	5.4%
620,519	606,887	13,632	2.2%	583,367	37,152	6.4%

15,167	15,632	(465)	(3.0%)	16,078	(911)	(5.7%)
19,990	20,674	(684)	(3.3%)	20,475	(485)	(2.4%)
35,157	36,306	(1,149)	(3.2%)	36,553	(1,396)	(3.8%)

PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
December-18

Current Month December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
2,301	2,297	4	0.2%	2,368	(67)	(2.8%)
3,500	3,903	(403)	(10.3%)	3,378	122	3.6%
5,801	6,200	(399)	(6.4%)	5,746	55	1.0%

106	117	(11)	(9.4%)	113	(7)	(6.2%)
431	408	23	5.5%	416	15	3.6%
537	525	12	2.2%	529	8	1.5%

924	843	81	9.6%	830	94	11.3%
2,369	2,143	226	10.6%	2,165	204	9.4%
3,293	2,986	307	10.3%	2,995	298	9.9%

497	479	18	3.8%	499	(2)	(0.4%)
3,219	3,586	(367)	(10.2%)	3,337	(118)	(3.5%)
3,716	4,065	(349)	(8.6%)	3,836	(120)	(3.1%)

50	49	1	2.0%	54	(4)	(7.4%)
171	152	19	12.9%	154	17	11.0%
221	201	20	10.2%	208	13	6.3%

206	154	52	33.8%	160	46	28.8%
148	144	4	3.0%	146	2	1.4%
354	298	56	18.9%	306	48	15.7%

1	1	0	0.0%	2	(1)	(50.0%)
3,323	3,464	(141)	(4.1%)	3,092	231	7.5%
3,324	3,465	(141)	(4.1%)	3,094	230	7.4%

DIAGNOSTIC RADIOLOGY

Inpatient
 Outpatient
Total

MRI

Inpatient
 Outpatient
Total

CT SCAN

Inpatient
 Outpatient
Total

ULTRASOUND

Inpatient
 Outpatient
Total

NUCLEAR MEDICINE

Inpatient
 Outpatient
Total

SPECIAL PROCEDURES

Inpatient
 Outpatient
Total

MAMMOGRAPHY

Inpatient
 Outpatient
Total

YEAR-TO-DATE December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
7,015	6,780	235	3.5%	6,654	361	5.4%
10,768	11,733	(965)	(8.2%)	10,183	585	5.7%
17,783	18,513	(730)	(3.9%)	16,837	946	5.6%

343	348	(5)	(1.4%)	355	(12)	(3.4%)
1,350	1,220	130	10.6%	1,201	149	12.4%
1,693	1,568	125	8.0%	1,556	137	8.8%

2,756	2,459	297	12.1%	2,338	418	17.9%
7,163	6,316	847	13.4%	6,384	779	12.2%
9,919	8,775	1,144	13.0%	8,722	1,197	13.7%

1,540	1,435	105	7.3%	1,459	81	5.6%
9,764	10,637	(873)	(8.2%)	10,118	(354)	(3.5%)
11,304	12,072	(768)	(6.4%)	11,577	(273)	(2.4%)

132	142	(10)	(7.0%)	131	1	0.8%
546	507	39	7.8%	515	31	6.0%
678	649	29	4.5%	646	32	5.0%

542	448	94	21.0%	449	93	20.7%
438	393	45	11.6%	399	39	9.8%
980	841	139	16.6%	848	132	15.6%

4	3	1	33.3%	3	1	33.3%
10,125	10,402	(277)	(2.7%)	9,555	570	6.0%
10,129	10,405	(276)	(2.7%)	9,558	571	6.0%

PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
December-18

Current Month December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
		0	0.0%	1	(1)	(100.0%)
1,078	1,303	(225)	(17.3%)	986	92	9.3%
1,078	1,303	(225)	(17.3%)	987	91	9.2%
117	100	17	16.6%	69	48	69.6%
89	90	(1)	(1.1%)	71	18	25.4%
206	190	16	8.2%	140	66	47.1%
10	21	(11)	(52.4%)	3	7	233.3%
274	294	(20)	(6.9%)	259	15	5.8%
284	315	(31)	(10.0%)	262	22	8.4%
1,865	1,891	(26)	(1.4%)	1,852	13	0.7%
2,626	2,972	(346)	(11.7%)	2,534	92	3.6%
4,491	4,863	(372)	(7.7%)	4,386	105	2.4%
40	31	9	29.0%	27	13	48.1%
34	41	(7)	(17.2%)	42	(8)	(19.0%)
74	72	2	2.7%	69	5	7.2%
414	373	41	11.0%	361	53	14.7%
412	486	(74)	(15.3%)	363	49	13.5%
826	859	(33)	(3.9%)	724	102	14.1%

YEAR-TO-DATE December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
2		2	100.0%	1	0	0.0%
3,773	4,133	(360)	(8.7%)	3,880	(107)	(2.8%)
3,775	4,133	(358)	(8.7%)	3,881	(106)	(2.7%)
367	301	66	21.9%	242	125	51.7%
280	270	10	3.7%	229	51	22.3%
647	571	76	13.3%	471	176	37.4%
17	62	(45)	(72.6%)	15	2	13.3%
887	883	4	0.4%	815	72	8.8%
904	945	(41)	(4.4%)	830	74	8.9%
5,733	5,515	218	4.0%	5,239	494	9.4%
8,158	8,949	(791)	(8.8%)	7,877	281	3.6%
13,891	14,464	(573)	(4.0%)	13,116	775	5.9%
113	90	23	25.6%	84	29	34.5%
106	123	(17)	(14.0%)	115	(9)	(7.8%)
219	213	6	2.7%	199	20	10.1%
1,208	1,084	124	11.4%	1,008	200	19.8%
1,396	1,459	(63)	(4.3%)	1,116	280	25.1%
2,604	2,543	61	2.4%	2,124	480	22.6%

BREAST HEALTH CTR.

Inpatient

Outpatient

Total

CARDIAC CATH

Inpatient

Outpatient

Total

VASCULAR LAB

Inpatient

Outpatient

Total

EKG

Inpatient

Outpatient

Total

EEG

Inpatient

Outpatient

Total

ECHOCARDIOLOGY

Inpatient

Outpatient

Total

PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
December-18

Current Month December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
3,155	2,929	226	7.7%	2,739	416	15.2%
4,495	3,957	538	13.6%	1,557	2,938	188.7%
7,650	6,886	764	11.1%	4,296	3,354	78.1%

1,804	1,754	50	2.9%	1,780	24	1.3%
1,942	1,275	667	52.3%	595	1,347	226.4%
3,746	3,029	717	23.7%	2,375	1,371	57.7%

419	430	(11)	(2.6%)	395	24	6.1%
546	556	(10)	(1.8%)	266	280	105.3%
965	986	(21)	(2.1%)	661	304	46.0%

90	79	11	13.8%	88	2	2.3%
90	79	11	13.8%	88	2	2.3%

7	4	3	75.0%	2	5	250.0%
459	500	(41)	(8.2%)	442	17	3.8%
466	504	(38)	(7.5%)	444	22	5.0%

1	2	(1)	(50.0%)	4	(3)	(75.0%)
20	55	(35)	(63.6%)	37	(17)	(45.9%)
21	57	(36)	(63.2%)	41	(20)	(48.8%)

PHYSICAL THERAPY

Inpatient
 Outpatient
Total

OCCUPATIONAL THERAPY

Inpatient
 Outpatient
Total

SPEECH THERAPY

Inpatient
 Outpatient
Total

SLEEP STUDIES

Outpatient
Total

WOUND CARE

Inpatient
 Outpatient
Total

HYPERBARIC

Inpatient
 Outpatient
Total

YEAR-TO-DATE December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
9,814	8,513	1,301	15.3%	8,656	1,158	13.4%
13,887	11,932	1,955	16.4%	5,656	8,231	145.5%
23,701	20,445	3,256	15.9%	14,312	9,389	65.6%

5,631	5,096	535	10.5%	5,323	308	5.8%
6,514	3,825	2,689	70.3%	1,710	4,804	280.9%
12,145	8,921	3,224	36.1%	7,033	5,112	72.7%

1,303	1,247	56	4.5%	1,155	148	12.8%
1,619	1,668	(49)	(2.9%)	809	810	100.1%
2,922	2,915	7	0.2%	1,964	958	48.8%

277	237	40	16.8%	225	52	23.1%
277	237	40	16.8%	225	52	23.1%

14	12	2	16.7%	9	5	55.6%
1,411	1,500	(89)	(5.9%)	1,509	(98)	(6.5%)
1,425	1,512	(87)	(5.8%)	1,518	(93)	(6.1%)

8	4	4	100.0%	9	(1)	(11.1%)
83	165	(82)	(49.7%)	124	(41)	(33.1%)
91	169	(78)	(46.2%)	133	(42)	(31.6%)

PATIENT ACTIVITY SUMMARY
Care New England Health System Excluding MHRI
December-18

Current Month December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
24	26	(2)	(7.7%)	20	4	20.0%
859	874	(15)	(1.7%)	536	323	60.3%
883	900	(17)	(1.9%)	556	327	58.8%

1,975	2,337	(362)	(15.5%)	1,705	270	15.8%
1,975	2,337	(362)	(15.5%)	1,705	270	15.8%

138	118	20	16.8%	227	(89)	(39.2%)
138	118	20	16.8%	227	(89)	(39.2%)

3	6	(3)	(50.0%)	8	(5)	(62.5%)
1,578	1,710	(132)	(7.7%)	1,764	(186)	(10.5%)
1,581	1,716	(135)	(7.9%)	1,772	(191)	(10.8%)

552	529	23	4.3%	529	23	4.3%
213	214	(1)	(0.5%)	214	(1)	(0.5%)
765	743	22	3.0%	743	22	3.0%

59	73	(14)	(19.4%)	42	17	40.5%
117	111	6	5.4%	111	6	5.4%
176	184	(8)	(4.4%)	153	23	15.0%

INFUSION THERAPY

Inpatient
 Outpatient
Total

KENT INFUSION THERAPY

Outpatient
Total

IVF

Outpatient
Total

WIH OGCC

Inpatient
 Outpatient
Total

PATIENT ASSESSMENT

Inpatient
 Outpatient
Total

ELECTRO CONVULSIVE TREATMENT

Inpatient
 Outpatient
Total

YEAR-TO-DATE December

ACTUAL	BUDGET	VAR.	% VAR.	PRIOR YR	VAR.	% VAR.
85	83	2	2.4%	77	8	10.4%
2,705	2,425	280	11.5%	2,119	586	27.7%
2,790	2,508	282	11.2%	2,196	594	27.0%

6,508	6,920	(412)	(5.9%)	5,059	1,449	28.6%
6,508	6,920	(412)	(5.9%)	5,059	1,449	28.6%

355	330	25	7.5%	402	(47)	(11.7%)
355	330	25	7.5%	402	(47)	(11.7%)

14	18	(4)	(22.2%)	15	(1)	(6.7%)
4,812	5,244	(432)	(8.2%)	5,378	(566)	(10.5%)
4,826	5,262	(436)	(8.3%)	5,393	(567)	(10.5%)

1,707	1,736	(29)	(1.7%)	1,736	(29)	(1.7%)
665	776	(111)	(14.3%)	776	(111)	(14.3%)
2,372	2,512	(140)	(5.6%)	2,512	(140)	(5.6%)

139	220	(81)	(36.7%)	226	(87)	(38.5%)
334	285	49	17.2%	285	49	17.2%
473	505	(32)	(6.2%)	511	(38)	(7.4%)

Births by Hospital
FY 2017 - FY 2019 (Nov)

Year-to-date Totals vs. Prior Year Total

Hospital	FY 2017	% of Total	FY 2018	% of Total	FY 2019 (Nov)	% of Total
Women & Infants	8,881	79.2%	8,819	79.1%	1,443	80.0%
Kent	771	6.9%	797	7.2%	115	6.4%
CNE Subtotal	9,652	86.1%	9,616	86.3%	1,558	86.4%
Newport	450	4.0%	496	4.5%	89	4.9%
South County	703	6.3%	664	6.0%	103	5.7%
Landmark	404	3.6%	368	3.3%	54	3.0%
All Other Subtotal	1,557	13.9%	1,528	13.7%	246	13.6%
TOTAL	11,209	100.0%	11,144	100.0%	1,804	100.0%

Volume Change: Year-to-date Total (Nov) vs. Same time period prior years

	FY 2017 (Nov)	FY 2018 (Nov)	FY 2019 (Nov)	FY18 -19 Change		FY 17 - 19 Change	
Hospital				# Diff	% Diff	# Diff	% Diff
Women & Infants	1,540	1,511	1,443	(68)	-4.5%	(97)	-6.3%
Kent	171	125	115	(10)	-8.0%	(56)	-32.7%
CNE Subtotal	1,711	1,636	1,558	(78)	-4.8%	(153)	-8.9%
Newport	73	76	89	13	17.1%	16	21.9%
South County	128	96	103	7	7.3%	(25)	-19.5%
Landmark	66	63	54	(9)	-14.3%	(12)	-18.2%
All Other Subtotal	267	235	246	11	4.7%	(21)	-7.9%
TOTAL	1,978	1,871	1,804	(67)	-3.6%	(174)	-8.8%

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Budget Category/Project	Project Year	Operating Unit	Approved Capital Budget (excludes donated funds)	YTD Cash Payments	YTD Actual Invoices & Open Purchase Orders	Approved Capital Requests	Remaining Balance	Project Status
Information Technology								
Cisco Core Switches1	FY18	CNE		25,475	29,769	30,399	630	Open
Provation KH	FY18	CNE		-	19,301	28,081	8,780	Open
Cerner/Epic EPCS	FY18	CNE		45,330	384,086	524,063	139,977	Open
TPC Lawson/Kronos/ICON/KH	FY18	CNE		90,790	174,704	621,621	446,917	Open
Natus Sleep Lab Upgrade1	FY18	KENT		100,219	159,842	166,991	7,149	Open
Avatar Ambulatory	FY19	BUTLER		-	186,192	212,492	26,300	Open
VDI Expansion Phase II	FY18	CNE		-	10,031	10,331	300	Open
Aruba Wireless	FY18	CNE		-	55,200	55,200	-	Open
Virtualization Enterprise	FY18	CNE		-	146,093	154,727	8,634	Open
Aztec Printer	FY18	WIH		-	4,275	4,425	150	Open
Cardiology PACS Platform	FY19	KENT		-	299,973	494,744	194,771	Open
CytoVision Workstations	FY19	WIH		-	37,678	37,678	-	Open
Securxchange Router	FY19	WIH		-	34,500	34,589	89	Open
Payments on PY Closed Projects		All		4,890	-	-	-	Closed
Closed IT - Under 500K		All		333,092	333,092	333,092	-	Closed
Total Information Technology			7,886,851	599,797	1,874,736	2,708,433	833,696	
Facilities								
Safety & Ligature	FY17	BUTLER		-	110,147	249,300	139,153	Open
Flooring & Carpet	FY18	BUTLER		15,750	84,350	88,605	4,255	Open
KH Ortho&Cardiolog	FY18	CH		14,240	177,445	182,879	5,434	Open
Lab Consol-Phase3	FY16	CNE		-	118,451	-	(118,451)	Open
Pharm WI Infus@KH	FY18	KENT		123,520	149,553	167,656	18,103	Open
Ortho Suite Renov	FY18	KENT		-	1,677	1,987,207	1,985,529	Open
Ortho Office X-Ray	FY18	KENT		11,591	88,985	95,247	6,263	Open
Blackstone Orthopedics	FY18	KENT		192,359	203,469	716,134	512,665	Open
HVAC Unit	FY18	KENT		-	68,000	68,000	-	Open
Dr. Lucarelli CNE Transition	FY18	KENT		296	83,640	172,771	89,131	Open
Digital Radiography	FY18	KENT		3,851	5,241	40,000	34,759	Open
New Ultrasound Room	FY18	KENT		-	-	15,000	15,000	Open
OR-Radiographic Urology	FY18	KENT		16,525	288,352	288,352	-	Open
Hugs Infant Security System	FY18	KENT		-	7,705	7,705	-	Open
LDR Renovations	FY18	WIH		5,318	9,865	71,005	61,140	Open

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Fluoroscopy Upgrade	FY18	WIH		460,859	617,712	711,031	93,319	Open
Security Cameras-Pharmacy	FY18	WIH		27,607	27,607	27,607	-	Open
PDC Ultrasound Room	FY18	WIH		-	40,420	42,040	1,620	Open
Security Camera & DVE Recorder	FY18	WIH		-	7,568	7,929	361	Open
Pharmacy Intrusion	FY19	BUTLER		-	7,315	7,315	-	Open
Refrigerator	FY19	KENT		-	-	3,691	3,691	Open
Hot Water Heater	FY19	KENT		-	19,991	19,991	-	Open
HVAC Control System	FY19	KENT		-	21,070	21,070	-	Open
Cooling VFD & Motor	FY19	KENT		-	9,007	9,007	-	Open
Painting OR Doctor Lounge	FY19	KENT		-	-	12,050	12,050	Open
Roof at 555 Prospect	FY19	MHRI		-	40,000	40,000	-	Open
Salt Spreader	FY19	WIH		-	3,414	3,414	-	Open
Sleep Chairs	FY19	WIH		-	-	27,500	27,500	Open
Heating Hot Water	FY19	WIH		-	-	39,848	39,848	Open
Flooring-Micro Lab	FY19	WIH		-	-	12,717	12,717	Open
Grease Traps	FY19	WIH		-	-	9,078	9,078	Open
Exhaust Fan	FY19	WIH		-	-	24,500	24,500	Open
Install Doors Card	FY19	WIH		-	11,714	11,714	-	Open
Parking Deck	FY18	TPC		-	1,579,570	1,579,570	-	Open
Payments on PY Closed Projects		All		-	-	-	-	Closed
Closed Facilities - Under \$500K		All		149,323	195,710	195,710	-	Closed
Total Facilities			15,935,900	1,021,239	3,977,978	6,955,643	2,977,664	
<u>Equipment</u>								
Anesthesia Machine	FY18	WIH		1,361	1,361	12,561	11,200	Open
Cyro Tanks & Monitor	FY18	WIH		-	-	60,545	60,545	Open
Probe Cabinet	FY19	KENT		-	3,725	3,725	-	Open
Hematology Equipment	FY19	KENT		-	205,234	209,734	4,500	Open
Digital Mobile Ergo C-Arm	FY19	KENT		-	-	231,183	231,183	Open
*Stryker OR Video Equipment	FY19	KENT		-	574,301	574,301	-	Open
Venue Ultrasound System	FY19	KENT		-	59,540	59,540	-	Open
Venue Ultrasound System	FY19	KENT		-	59,735	59,735	-	Open
LOGIQ Ultrasound System	FY19	KENT		-	31,810	31,810	-	Open
Biological Safety	FY19	KENT		-	9,100	9,100	-	Open

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Budget Category/Project	Project Year	Operating Unit	Approved Capital Budget (excludes donated funds)	YTD Cash Payments	YTD Actual Invoices & Open Purchase Orders	Approved Capital Requests	Remaining Balance	Project Status
Transducer Biopsy	FY19	WIH		-	3,998	3,998	-	Open
Nitrous Oxide Delivery System	FY19	WIH		-	10,675	10,675	-	Open
Navigator 2.0 Systems	FY19	WIH		-	75,000	75,000	-	Open
Payments on PY Closed Projects		All		3,120	-	-	-	Closed
Closed Equipment/Other - Under \$500K		All		687,182	715,617	715,617	-	Closed
Total Equipment			6,628,100	691,663	1,750,097	2,057,524	307,428	
*Stryker OR Video Equipment - Budgeted in FY20							(424,301)	
							1,633,223	
Strategic Initiatives								
Inpatient Geriatric Unit				-	74,323	222,337	148,014	Open
Closed Strategic Initiatives - Under \$500K		All		-	-	-	-	
Total Strategic Initiatives				-	74,323	222,337	148,014	
Subtotal			30,450,851	2,312,698	7,677,134	11,519,635	4,266,802	
Other Capital								
Capital Purchases Funded by Grants/Academic Plan		All			879,900	879,900		
Capital Purchases Funded by Donations		All			251,859	251,859		
Non-Cash Donations		All			7,807	7,807		
Fixed Asset Holding		All			(61,280)	(61,280)		
Fixed Asset Deferred		All			-	-		
Total Other Capital					1,078,286	1,078,286		
Total					8,755,420	12,597,921		

Capital is measured on a cash to budget basis